

# *The* NATIONAL UNDERWRITER

*Life Insurance Edition*

## WHO WRITES WHAT?

### WE DO!

**Are you or your client ever confused by the welter of new "hot rod" ordinary life ads—extra dividends to quit, substandard preferred risk, giant economy size, lower-than-anybody's estimated cost?**

Well, we've got one—but it's much simpler.

<u>Whole Life Plan W (Non-Par)</u>	<u>Age 35</u>
<u>Guaranteed Premium (including waiver) first 20 years</u>	\$ 27.15
<u>Guaranteed cash surrender value 20th year</u>	487.00
<u>Guaranteed premium (including waiver) after 20th year</u>	12.22
<u>Guaranteed cash surrender value at age 65</u>	636.00
<u>Guaranteed right to pay up or mature at any time after 10 years</u>	

**Issued in amounts of \$5,000 and more, ages 0 to 60  
(Age 0: Initial premium \$14.85; 21st year and after, \$4.46)**

**Wonderful how that word guaranteed sometimes helps to clear the air.**

For full details of other unique features of this Whole  
Life policy, contact the nearest agency of

**NORTHWESTERN NATIONAL LIFE  
OF MINNEAPOLIS**

*40 years' experience in brokerage service*

Fourth in a Series

**FRIDAY, NOVEMBER 12, 1954**

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## I'm Ed Hobson . . .

### I sell Paul Revere in the Oakland territory.

A week ago Tuesday, I called at a fine home in the Oakland hills and rang the bell.

A man named Thomas had called me at the suggestion of one of his foremen. The phone book listed him as a general contractor.

I thought it was funny that no one answered the door. So I rang again. Then I heard a voice call, "Come in Mr. Hobson."

### I opened the door.

The voice said, "I'm here . . . in the bedroom. My wife is shopping. Come in here, please."

He was propped up in bed with a bed table in front of him.

"Are you sick?" I asked.

"Yes, I guess I am. I had a heart attack three months ago. Looks like I'll be here for *some* time!"

"Well, Mr. Thomas," I said, "I guess I can't do too much to help you at this point."

### Mr. Thomas' laugh was a nervous one.

"Oh, I know I'm beyond getting any more insurance. I didn't call you out here for that. I was just lying here going over my insurance policies. I've collected quite a few . . . most of them since the war."

He hesitated a moment, dropped his hands on the bedspread, and went on:

- "But I don't have the one thing I really need now. I don't have any income. Why didn't they tell me that some day *I* would need *INCOME*?"

- With that he handed me a leatherette folder. Inside was a fine programming job in color.

- There was ordinary life, a couple of high premium retirement policies, a good-sized-mortgage redemption plan. About \$60,000 of protection in all.

### Mr. Thomas' story went further.

- There were three premiums due . . . two annuals and a quarterly. Fortunately the policies included waiver of premium but it would be three months before their waiver of premium benefits became effective.

- He hadn't paid his doctor.

- It took his \$1700 of savings to pay his hospital bill.

- He owed two \$125 payments on his home.

- The cash value of his life insurance program? \$1900.

- Mr. Thomas repeated: "The thing I needed most—*income protection—I don't have.*"

- Then he came to the point of my visit.

- "I want you to talk to my son," he directed. "Tell him . . . and sell him . . . so he won't ever be in the fix I'm in today!"

Obviously, no man wants his client to be in Mr. Thomas' situation. And no client need be if he has non-cancellable income replacement protection . . . the kind Paul Revere underwriters are trained to offer their clients.

Moreover the Paul Revere kit is complete. It

includes all forms of guaranteed low-cost life insurance for both personal and business insurance needs . . . plus outstanding accident and sickness and hospitalization coverage (all non-cancellable, of course) . . . plus competitive group life and group disability plans.

**THE PAUL REVERE LIFE INSURANCE COMPANY**  
WORCESTER, MASSACHUSETTS

# The NATIONAL UNDERWRITER

The National Weekly Newspaper of Life Insurance

58th Year, No. 46  
November 12, 1954

## Two Insurers Challenge FTC on Jurisdiction

### One Filing Motion to Dismiss, Other Answers List of Complaints

Commercial Travelers of Utica is this week filing a motion with the federal trade commission to dismiss the complaint against it and quash the proceedings because of lack of jurisdiction. It is also asking the FTC to set a date, in advance of the Dec. 20 hearing date set by the FTC, at which the jurisdictional question would be taken up in oral argument.

The insurer's specific ground is that it and all other New York state companies are fully and adequately supervised and regulated by the New York department pursuant to state law, and consequently, under public law 15 (the McCarran act) the federal trade commission has no jurisdiction.

Travelers Health of Omaha, through its attorneys, Fraizer & Fraizer of Lincoln, has filed its answer to the FTC complaint, alleging first that the commission is without jurisdiction because the Nebraska department supplies full regulation within the meaning and scope of public law 15.

American Hospital & Life also has filed an answer with FTC but details were not available at press time.

In Washington, the official information from FTC is that 14-day extensions have been granted to those companies which have not as yet filed answers.

Travelers Health stated the sentence and pages quoted by the FTC complaint are lifted out of context from the whole, largely from a series of letters which it sends to prospective members. There is no advertising or presentation made to the public at large, but these direct mailings are made to select and preferred lists of individuals furnished and recommended by present members of Travelers Health.

The answer alleges that all Travelers Health advertising statements are true and accurate and that none of the advertising is false, misleading or deceptive. For example, the answer notes that FTC criticized the company for saying: "There is no age limit to which any member may continue protection," and "there is no age limit to continue membership and no increase in premiums to those of advanced age."

Such statements are true, the answer says. Travelers Health has never cancelled a policy of a member on account of advanced age, and it presently has members more than 80 years of age. There has never been an increase because of the advanced age of a member.

The answer then goes on to comment on the various items complained against by FTC, and alleges truthfulness and non-deceptiveness in each case.

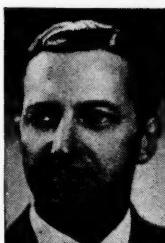
Further, Travelers Health says it has

### NEW DUTIES FOR HILLER

### Davidson on MDRT Executive Committee as Kellam Bows Out

NEW YORK—Along with their 1955 application blanks, members of the 1954 Million Dollar Round Table this week got these items of information from their new chairman, George B. Byrnes, general agent here for New England Mutual:

1. The new executive committee that took over Oct. 31 differs from that elected last June in that William D. Davidson, Equitable Society, Chicago, has been added to the committee because of the



W. D. Davidson



Walter N. Hiller

resignation of John Kellam, National Life of Vermont, New Canaan, Conn.

2. Walter N. Hiller, Penn Mutual Life, Chicago, a past chairman of

(CONTINUED ON PAGE 20)

### N. Y. Banking Dept. Probing Trusted Pension Programs

NEW YORK—The New York state banking department has begun a comprehensive investigation of trusted pension plans to see whether legislative safeguards should be sought at the 1955 session of the legislature. The inquiry, implemented by a massive questionnaire, covers all types of trusted plans, whether set up through employer-union cooperation or by an employer alone. The questionnaires are to be returned by Dec. 1. The banking department hopes to have a preliminary analysis of the data completed by the first of the year, when the legislative session will open.

There have been few complaints about maladministration of retirement plans but there has been some concern about whether some of these funds are based on sufficiently realistic assumptions to bear the peak loads that will be reached in the next 10 to 20 years because of retirements.

Proponents of insured pension plans are much interested in the outcome of the banking department's survey. The highly optimistic assumptions underlying many self-insured pension plans proposed by consulting actuaries have placed these plans in what many insurance men feel to be an unfair competitive position. The situation has led to demands that private pension plans be placed under state insurance department regulation. In the New York banking department questionnaire, some inquiries are addressed to the trust companies, some to the employers, and some to the actuaries handling the plan.

### LIAMA Head Warns on Prestige Damage in Sales Rivalry

#### Pille at Annual Rally Says Economy Is in 'Rough, Tough' Buyer's-Market Atmosphere

In his keynote address as president of LIAMA, Richard E. Pille, vice-president of Mutual Benefit Life, expressed concern over possible results of the developing intensity of competition in life insurance selling.

Addressing the opening session Tuesday at the Edgewater Beach hotel in Chicago, Mr. Pille said, "our economy is part way into the rough, tough, aggressive competitive distribution atmosphere that goes with a buyer's market" and he would personally hate "to see us lose the reservoir of good will built in the last half century."

"Organizing for sales" was the meeting's theme and Mr. Pille emphasized that this would become extremely difficult if there should be a loss of public confidence and good will.

Listing six fundamental factors in the life insurance sales pattern that he credited for "our truly remarkable and unique reservoir of good will in the public and in our sales force," Mr. Pille said that "some parts of that general sales pattern appear to be changing under the philosophy of a buyer's market."

Richard E. Pille

### Late News Bulletins . . .

#### R. R. Davenport Elected LIAMA President

R. R. Davenport, vice-president and agency director of Southwestern Life, was elected president of LIAMA at the Thursday session of its annual meeting in Chicago this week. A Southern Methodist University graduate, he joined Southwestern as an agent at Munday, Tex., in 1933. He was made assistant manager at Houston in 1938 and the following year went to the home office as assistant director of sales. He was appointed assistant agency director in 1942, director of sales in 1944, 2nd vice-president in 1950 and vice-president and agency director in 1951. He is a CLU.

Attendance at the meeting was nearly 700.

Elected as new directors were D. E. Kilgour, Great-West Life; William J. Hamrick, Gulf Life; Frank L. Whitbeck, Jr., Union Life of Arkansas, and William B. Stannard, Occidental of California.



R. R. Davenport

#### Hearing on Withholding for A&H Payments

WASHINGTON—Representatives of H&A Underwriters Conference, Bureau of A&H Underwriters, Life Insurance Assn. of America and American Life Convention met with Treasury officials to protest against a Treasury interpretation of section 105 of the new revenue code which would make insurers responsible for withholding income taxes on loss-of-time A&H benefits to the extent they are taxable under the new code.

The two life organizations filed a brief, which was endorsed by the two A&H organizations. The brief pointed out that the law changed only the tax sections of the law, not those relating to withholding, and did not change the definitions of employer, employee or wages. The brief also emphasized that the law refers to those "in control" of the payment of wages and the lack of information in the hands of insurers on which to base the amount of withholding shows that insurers do not have the degree of control contemplated in the law.

Mr. Pille's six points were:

1. We have a public and a sales force conditioned to think of life insurance in terms of long-range security. Commenting that far more coverages are being sold for shorter durations or with less emergency value, or with lower long-range savings elements, he asked, "Is this because of sales opportunism and a weakened belief in the long pull guarantees?"

2. We have a sales force conditioned to believe that its primary competition is not from within the business, but from without; not from the other insurance salesman, but from the other uses man has for his premium dollar." Mr. Pille asked, "Are we helping our outside competitors to an easy market because our inside competition is lessening our stature in the eyes of the buyer?"

3. We have a public conditioned to believe that there is little difference between insurance companies, that all companies are good companies." Mr. Pille described the life insurance business as "a quasi public trust founded on the belief that all insurance is good insurance," and said, "we have grown great preaching the doctrine that the life insurance premium dollar always

(CONTINUED ON PAGE 19)

**C. C. ROBINSON TELLS LIAMA MEETING:****Three Factors Make Public Relations Uniquely Important in Life Sales Work**

There is no business in which the public relations aspects of selling are more important than in life insurance, Charles C. Robinson, chairman of the LIAMA public relations committee, told his LIAMA audience in Chicago. As chairman of the public relations forum, he pointed out that the need for good public relations is greatest when the product is an intangible, when the purchase involves a continuing service, and when the purchase involves an important financial transaction. Life insurance meets all three criteria.

Mr. Robinson's panel included these sales executives: John D. Brundage,



C. C. Robinson

Bankers National; R. R. Davenport, Southwestern; Ben F. Hadley, Columbus Mutual; M. K. Kenny, Excelsior Life; Karl Ljung, Jefferson Standard; A. Rogers Maynard, Metropolitan; John W. Sayler, Business Men's Assurance; and Fred S. Sibley, Pacific Mutual. He was assisted by John C. Lobingier, Jr., director of public relations for LIAMA.

Mr. Robinson said that to make its studies as specific as possible the public relations committee broke its public into four groups whose good will is important to life insurance sales success: the field force, the prospects, the policyholders, and the community contacts. He explained that the committee had questioned all member companies to find out what each felt to be the principal public relations problem in the sales end of the business. Mr. Lobingier reported on what seemed to be the most common and important problems revealed

by the committee's questionnaire.

Conclusion of panel members was that good public relations, like charity, begins at home. The moderator summed it up: "If our relations with the field force are not good, their relations with customers and prospects are likely to suffer. Good morale and clear channels of communication in the field are the first requirements of sound public relations in any sales operation."

In the second area, how to help the field get along with prospects, Mr. Maynard said that Metropolitan uses a packaged information kit designed to insure straightforward and uniform interviews with prospects.

Panel members agreed that the impression created by an agent on his prospects is probably the most vital link in the whole chain of sales organization and effort. It is at this point that everything either fails or pays off.

Mr. Robinson summarized the discussion on how to help the field get along with policyholders: "We talk a great deal in this business about our 90 million policyholders, and they are certainly one of our greatest strengths. But they can also be our greatest weakness. As things become necessities and are purchased by virtually everyone, there is an inevitable demand to socialize them, on the theory that cost to the public could thus be reduced. So if our 90 million policyholders, of whom we are so proud, ever believe that we are not doing a satisfactory job for them they could become a great threat to our business."

**Give Ear to Agents' Views on Business, Walker Tells LIAMA**

Bettering the status of the agent should be the first step in improving the "climate for sales," Robert L. Walker, Peninsular Life, Orlando, Fla., president of National Assn. of Life Underwriters, told the Chicago meeting of LIAMA.

Mr. Walker urged dignifying the agent's position as a business man by every possible means, and augmenting his opportunities for financial reward. Even more than that, he advocated bringing "his thinking into the councils of the company at policy-making levels."

It is the agent who is current up to the very second on public acceptance and public thinking, Mr. Walker stated, adding it also is the agent who makes public relations good or bad. If he is to do a good job for the business, he must be a satisfied agent. "He wants many things he can't have," the speaker said, "but he is entitled to a realistic answer to what he thinks of as problems, either a correction if merited, or an explanation why his requests are impractical or impossible."

**Equitable Society's Oct. Sales Soar 38% to Set New Record**

Equitable Society's new paid ordinary in October totaled \$116,866,000, an increase of 38%, making the month the greatest in sales in the history of the company. New paid ordinary for the first 10 months, \$890,127,000, was not only a record but exceeded every full calendar year in Equitable's 95 years except 1952 and 1953.

**Price Competition at All Time High in Insurance: Dineen****Special Policies Main Cause; Maturity Dividend a Factor, AMA Meet Told**

Price competition in life insurance is at an all time high, Robert E. Dineen, vice-president of Northwestern Mutual Life, told the annual meeting of American Management Assn. in Chicago.

The so-called "special" policies are the main competitive devices used today, Mr. Dineen said. These are usually sold only at sizable minimum amounts, beginning as low as \$2,500 and running to \$25,000. Principal factor in the lower prices charged is savings on expense in handling larger policies. Other factors are possible mortality savings and lower commissions paid agents.

Another competitive device in growing use, Mr. Dineen observed, is the termination dividend. This takes the form of surrender or maturity dividends, usually payable only after a policy has been in force for a specified term of years.

"Exponents of the extra dividends argue that even though their use has been extended the monies actually paid out are quite limited compared to the amount of regular dividends paid and that the Armstrong committee safeguards in effect today will effectively prevent any recurrence of the pre-1906 abuses. Critics of the deferred dividend plans take a different view. They concede that those sections of the Armstrong legislation designed to prevent undue expansion of the mutual life insurance business through the use of policyholders' money have been successful, but they make the point that the Armstrong committee had another objective to eliminate arbitrary forfeitures at the expense of withdrawing policyholders for the benefit of those who continue. They view today's rerudescence of extra dividends as a return in degree to the practices which brought criticism to the life insurance business at the turn of the century."

The economic principle of "cheaper by the dozen" is a part of our national legal philosophy, Mr. Dineen said. The federal Robinson-Patman antidiscretionary act, he pointed out, does not prohibit giving the large buyer a better price than the small buyer, but simply prohibits unjustified price advantages for large buyers.

Mr. Dineen drew a parallel between this increased recognition by the life insurance business of economies based on size and similar long accepted pricing practices in fire and casualty insurance. The principle of grading insurance prices by size of risk is firmly imbedded in fire and casualty rate structures, he said, but pointed out that the opportunities for grading in

(CONTINUED ON PAGE 17)



"I haven't sold anyone yet, but it's been fun trying!"

**Bankerslifemen Enjoy Their Work**

Even when they aren't making calls in theatrical dressing rooms Bankerslifemen enjoy their work . . . and like it best of all when they make sales.

That isn't a completely selfish attitude, at all. The desire to render a valuable service . . . and an appreciation of the good feeling which comes from doing so . . . is instilled in a Bankerslifeman from his first days in his agency office. That's why he really enjoys helping people solve the problems of life and living through his service.

This service-mindedness which makes the Bankerslifeman enjoy his work helps make him the kind of life underwriter you like to know as a friend, fellow worker or competitor.

**BANKERS Life COMPANY**  
DES MOINES, IOWA



Robert E. Dineen

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**LIAMA MEETING****Companies Average 53% of Full-Time Agents  
They Think They Have: S. Rains Wallace**

LIAMA research has disclosed that the typical larger ordinary companies life agents they have only about 75% as many full-time agents under contract as their records indicate, and only 70% of this 75% are devoting their full time to selling the company's insurance. That is, the companies have only about 53% of the full time

life agents think they have. The company which bases its organizing and sales programs upon its theoretical sales force, is building on sand. S. Rains Wallace, LIAMA director of research, indicated in his report at the Chicago LIAMA meeting.

When the LIAMA research staff suspected this discrepancy between paper and actual agent strength, it went directly to a number of larger companies and obtained permission to interview agents who were reported as being under full-time contract for more than one but less than four years. Retail Credit Co. did the actual interviewing.

The first question was, how many of these men are actually still under contract to the reporting company? The answer, 75%. It was the research staff's impression that the great bulk of terminations occurred a considerable time before the company reported them as still being under full-time contract.

• • •

The second question was, whom do these men still under contract work for, full or part time? It was found that of those agents found by the survey to be still selling the company's insurance, only 70% were full time agents deriving four-fifths or more of their income from their work for the company. This gives a figure of only 53% full time agents of all listed agents in the 1-4 year service group. About 9% are part-timers who also work in related insurance fields—general lines or brokerage. About 13% are part-timers who are engaged in work outside insurance. About 8% are part-timers who preferred not to say what else they were doing.

The next question was, how does financing of new agents affect this picture? Among financed men, 7% were part-time but in insurance; 8% were part time in outside activities; 5% fall in the miscellaneous group... leaving 80% full time for their companies.

Among commissioned men, 17% were part-time insurance, 26% were part-time outside; 12% were miscellaneous...leaving 45% full time for their companies.

Conceding that 80% is a lot better than 45%, Dr. Wallace asked: Considering financing costs, is it enough better? He pointed out that companies are meeting competition for their commissioned men's time—almost 3 to 1 from jobs outside the insurance business...while for our financed men, the competition from brokerage and general insurance is about equally important.

Relating these figures to the meet-

ing theme of organizing for sales, the speaker asked: "Do you think a company that can expect less than 69% of its financed men to work full time should organize for sales in the areas of recruiting and financing in the same way as a company which can expect 90%?"

Dr. Wallace then turned to the question of, How are these agents doing financially? These were the results: For financed, full-time agents, the median income received from the company was \$4,730 and the total income was \$5,240. Financed part-time insurance men reported \$4,050 from the company and \$5,650 total. Financed, part-time outside men reported \$2,920 from the company and \$5,250 total. The speaker added that for 71% of the full-time men, part of the income from the company came from financing, and for the part-time men,

the income of 44% includes financing money. It would follow, in Dr. Wallace's opinion, that the inclusion of financing income must exaggerate the agent's earning power from the company to a considerable degree, and it must also very greatly minimize the loss of premiums which a company suffers because the agent is working part time. He said it is interesting that these financed men seem to make about the same income, regardless of how they do it.

Results for commissioned men: Full  
(CONTINUED ON PAGE 16)



S. Rains Wallace



The New Auditorium

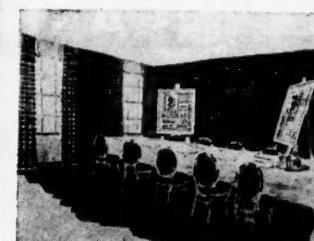
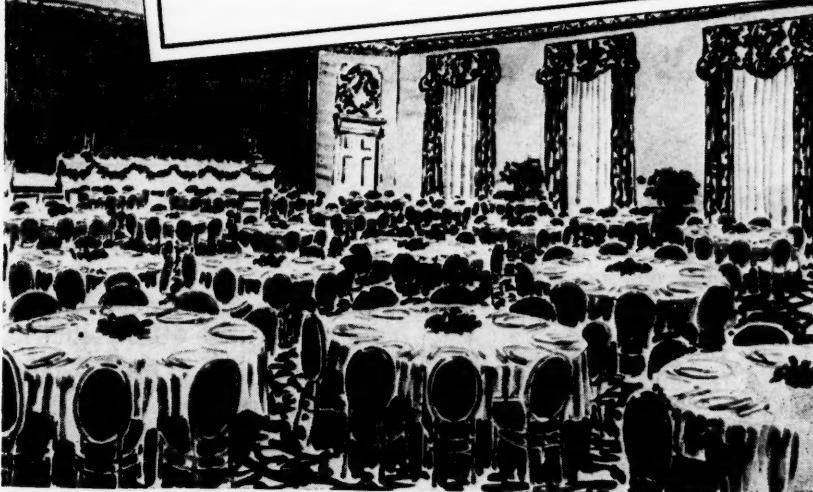
The nation's finest and most modern resort meeting facilities



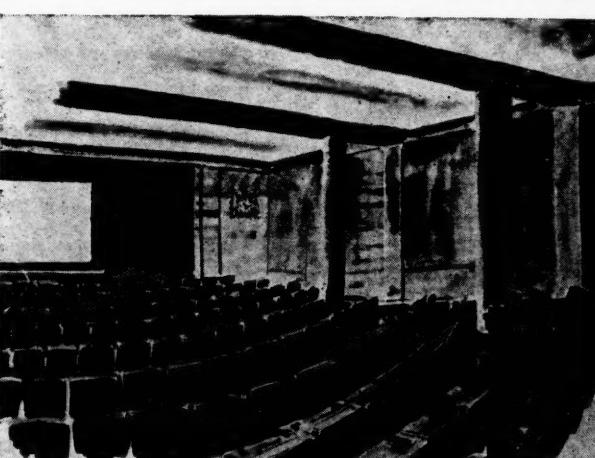
## *The GREENBRIER invites leading business and professional groups to enjoy its new AUDITORIUM WING*



Exterior of Auditorium Wing



Various sized smaller meeting rooms



The New Theatre

Seating for 400; inclined floor; stage 34' by 18'; orchestra pit; dressing rooms.

New wing air-conditioned throughout

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77 W. Washington Street, RA 6-0625 • Washington, Investment  
Building, RE 7-2642.

**DUDLEY DOWELL AT LIAMA MEETING:****Aggressive Insurance Selling Needed to Curb Agitation for Federal Variety**

The aggressive competition in life insurance selling that has become fashionable again since the second world war is a significant and encouraging development in the effort to provide security through private enterprise rather than government, said Vice-president Dudley Dowell of New York Life at the annual meeting of LIAMA at Chicago.

"The public wants considerably more personal security than it now possesses," he said. "It will get this additional security either from private industry and business or from government, and without too much waiting.



Dudley Dowell

It is our responsibility not merely to offer security for sale but to sell it. This means, among other things, wrapping the various forms of protection in convenient and acceptable packages and then convincing people that they are worth what they cost."

The new spirit of sales enterprise is hitting the life business none too soon, Mr. Dowell indicated.

Since 1929, "despite all our impressive sales efforts, the life insurance in force on the average American today is little more, in proportion to income, than it was a quarter-century ago," he said. "After allowing for the growth of population, the rising standard of living and the depreciated value of the dollar, our net progress as an industry has been very small. We have barely held our own!"

In spite of keener competition for the consumer's dollar in the industry and among industries generally, as well

as potential competition between government and private business, Mr. Dowell predicted that "we will pass this test with flying colors if we shun the temptation to be complacent."

Mr. Dowell saw no danger of history repeating itself, saying that "the modern spirit of enterprise is far removed from that type of uncontrolled aggressiveness that led to the Armstrong investigation." The business knows it must stress quality as well as quantity, that high pressure promotion, with its heavy resulting lapses, adds little to the in-force. Producers, not just production, must be developed to achieve quality with quantity, satisfied clientele, more prestige for agent and company, which in turn promotes additional volume. Moreover, a growing company tends to attract the better producers, who help sustain healthy growth.

Mr. Dowell suggested that "if we would accelerate our efforts perhaps we should first take pains to adapt our products to the public's changing needs and preferences and then sell aggressively."

Discussing New York Life's broadening of its field of business and its adoption earlier this year of a complete new line of policies, Mr. Dowell said that "we attribute the success of this program, thus far, more to the comprehensive merchandising plan used in introducing the program than to the attractiveness of the new premium rates and policies." The company modernized every aspect of its policies—format, language, benefit clauses, options, etc.; brought its underwriting rules and ratings up to date, the entire project requiring some 250,000 man-hours of work.

New York Life since 1948 has introduced at last 130 changes in under-

writing, billing and settlement practices; and strengthened, expanded and in some ways reslanted its advertising program. It has opened 38 branch offices since 1945 in growing areas previously neglected and delegated many functions to branch offices, such as paying death claims, granting loans, and making policy changes.

"Perhaps most important of all," he said, "the company has reversed the downward trend in the size of its agency force and increased its size and efficiency through greatly intensified recruiting and training. As a result, more than half of current sales are from agents who joined the company since the end of World War II.

Mr. Dowell listed these New York Life personnel programs to illustrate the importance of leadership, progressive attitudes of top management, and appreciation of human relations in modern management:

1. Creation of three regional levels of field supervision; increasing the field divisions from five to 13, thereby providing more adequate guidance and leadership for managers while adding substantially to the number of agencies; more adequate staff assistance for managers; prohibition of any salaried employee from writing personal business, with excellent effect on agent morale.

2. Infusion of new blood by bringing in experienced people to staff key positions at the home office—particularly beneficial when scope of business is enlarged and lines of coverage are increased.

3. Formal management development program to assure perpetuation of management through sound replacements.

4. Creation of committees, special

(CONTINUED ON PAGE 18)

**CASHIERS**

of the Company's agency offices hold positions of importance and responsibility. Each one is carefully selected and thoroughly trained through integrated Company training courses. Monthly bulletins and Home Office training schools supplement and continue such training. Each cashier seeks to attain maximum efficiency in office work and in cooperating with the field representatives of the agency.



**EQUITABLE LIFE INSURANCE**  
COMPANY OF IOWA

FOUNDED IN 1857  
IN DES MOINES

**BEHIND YOUR LIBERTY NATIONAL AGENT**

INSURANCE IN FORCE  
\$879,940,036

TOTAL RESOURCES  
\$143,625,448.04

Liberty National field representatives are carefully trained to survey the needs of their insurance clients and are in a position to make available the many forms of protection offered by the Company. To them and their associates must go the credit for an outstanding achievement in 1953—an increase of \$57,401,784 in insurance protection in force to a new high of \$879,940,036!

**LIBERTY NATIONAL LIFE INSURANCE COMPANY**

BIRMINGHAM, ALABAMA  
FRANK P. SAMFORD, PRESIDENT



## Combs Withdraws Resignation; Still Ark. Commissioner

LITTLE ROCK—Harvey G. Combs is still insurance commissioner of Arkansas, but only after Gov. Cherry, after some reflection, asked Combs to withdraw his resignation.

The story began Oct. 29 when Combs suddenly felt obliged to resign prior to making a Little Rock television appearance on behalf of Democratic gubernatorial nominee Orval E. Faubus. Faubus, who was elected by a large majority, succeeds Cherry as governor in January, and predictions have been made that Combs will be Faubus' appointee commissioner.

Oct. 30 Gov. Cherry named assistant commissioner John McLeod, Jr. as acting commissioner to succeed Combs and then departed from the state, not to return until late the following Tuesday (election day).

Nov. 1, as it opened for business, the department was a scene of indecision and confusion. Auditors from the state comptroller's office started their examination of department records to "check out" Mr. Combs, all preparatory to making it possible for him officially to surrender custody of some three millions in insurance securities on deposit with the department to McLeod as soon as the latter properly could qualify with the necessary commission from the governor and could post the proper surety bond.

Confusion reigned as to who had authority to act for the department during the changeover. Combs had resigned. McLeod as yet had no commission and no bond. Commissioner Combs finally ruled that until his successor had been duly qualified and since he, Combs, was still personally responsible for the securities, he had no choice but to continue to act officially as commissioner.

Nov. 4 Gov. Cherry requested Combs to withdraw his resignation and asked him to continue in office until January when governor-elect Faubus takes over. Combs agreed.

In a public statement, Gov. Cherry said: "The best interests of the people as well as those of the insurance industry would be served by Combs' retention as commissioner. Many incomplete hearings and other matters with which Mr. Combs is personally familiar are scheduled for action between now and January. "The insurance commissioner serves under bond as custodian of millions of dollars in securities, and any change in the department prior to the end of the year would be both tedious and expensive." Cherry said that he had received Combs' resignation through the mail during his absence from the state over the weekend.

Mr. Combs was secretary of the Democratic state committee for nearly 25 years and has long been a recognized leader in the Democratic party. Prior to becoming commissioner he served as counsel in Arkansas for the Missouri Pacific Railroad for more than 30 years.



Harvey G. Combs

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*John D. MacArthur, President*  
*Chicago 30, Illinois*

## Mutual, N. Y., Votes Biggest Dividend Raise in Its History

Mutual of New York has declared the largest dollar increase in dividends in its history. Dividends for 1955 will be \$36 million, which is \$7,900,000 or 28% more than the 1954 total and an increase of 115% over the average for the past five years. The action is subject to final ratification by the trustees in January.

A telephone hook-up informed 100 managers throughout the U.S. and Canada of the increase. At the telephones were Louis W. Dawson, president; Roger Hull, executive vice-president, and Stanton G. Hale, vice-president for sales.

The trustees also declared a first dividend of 5% of annual premium on A&H policies issued in 1953 and a second dividend of 7½% of the premium on policies issued in 1952. Both are payable in 1955. In other actions approved by trustees:

Termination dividends in 1955 will

be paid at the same rate as in 1954. The interest rate under supplementary contracts has been increased. Excess interest will be allowed on supplementary contracts during 1955 to bring the total rate credited up to 3.2%. The 1954 rate was 2.8% on option 1, except where 3% was guaranteed, and 3% on all other participating options. The rate on dividend deposits will be 3%, an increase from 2.8% paid in 1954 except where 3% was guaranteed.

Dividends on premium-paying life policies with disability income benefits will be larger in almost all cases.

Policies issued prior to 1948, on which dividends in the past have been applied as additional insurance, will receive a further dividend of \$1 for each \$1,000 of additions left with the company.

Policies containing family income provisions in force three or more years will receive a larger dividend in 1955 because they contain that provision.

Policies with double indemnity provisions issued between Jan. 1, 1935 and Sept. 5, 1951, will receive larger additional dividends.

## Joe Hunt Elected Okla. Commissioner

Joe B. Hunt rode to an easy victory in the race for insurance commissioner of Oklahoma on the Democratic ticket. He succeeds Robert L. Birdwell.

Mr. Hunt was assistant actuary for the state insurance board from 1942 until last April, when he resigned to map plans for the campaign. As manager of the board rating department, a post he held before formation of the actuarial department, he often worked under direction of the late Jess Read, then commissioner.

Before joining the board, he was an agent with Western Reserve Life of Austin, Tex. On the political scoreboard, Mr. Hunt was councilman in Seminole, Okla., and in 1952 was elected a Democratic presidential elector, winning 76 out of 77 votes.

Among recommendations issued recently by Commissioner Birdwell that might have some effect on the new commissioner's job was the suggestion that the duties of the department and board be clarified or that laws be enacted to consolidate the offices. Other suggestions made by Mr. Birdwell were:

Recodification of the insurance laws; a study of A&H to define its limits; re-allocation of the premium tax collections to the advantage of the department and the board; rewriting the receivership and liquidation statutes in regard to insurance companies, if recodification is denied, and the enactment of a bill to eliminate unfair trade practices and false or misleading advertising.

- The Godard agency of Northwestern National Life at Denver has moved to new quarters at 1825 Emerson street.

## Conn. General Marks Start of Its New Home Office Building

With President Frazer B. Wilde of Connecticut General Life operating the controls of a mobile concrete mixer, the first footing for the company's new home office building was poured in Bloomfield, Conn., a suburban community five miles northwest of Hartford. The concrete pouring was the highlight of a "foundation day" celebration which nearly 1,500 home office and field employees and guests attended. Mr. Wilde presided over the event, and among those present was Governor Lodge.

Miss Joyce Main, president of Connecticut General Club, an organization of home office employees, presented an engraved spade to Mr. Wilde to mark his 40th anniversary with the company.

Philip T. Aubin of Chicago, representing a delegation of 100 field men at the ceremony, was introduced by Vice-president Stuart F. Smith, and said that the new building will be an important place, and the people who work in it will be important people to millions whom they will never see or know.

## Roe Heads Occidental Office

Occidental Life of California has opened its first agency at Harrisburg, Pa., naming Joseph F. Roe, general agent. Mr. Roe has been assistant manager in New York City for Mutual of New York since 1946.

William De Groot has been advanced from supervisor to assistant manager at Grand Rapids, Mich. He joined the company as an agent there in 1949.

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Baby Group—5 to 24 lives\*  
Employee Life—5 to 24 lives\*  
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\*In states where permitted

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Vice-President & Agency Director



NEW ORLEANS, U. S. A.

November 12, 1954

## LIAMA Must Probe Validity of Variable Annuity Concept, Zimmerman Declares

The rising interest in the variable annuity field makes it necessary for LIAMA to determine whether this concept has validity and whether it is in the best interest of the public to make it available through life companies and their full-time representatives, Charles J. Zimmerman, managing director of LIAMA, told the annual meeting at Chicago.

"There are some who by training and background violently oppose this concept," he said. "There are others, fewer in number as yet, who enthusiastically embrace it. Is the variable annuity concept the illegitimate brain child of a rampaging, but temporary, inflation, or the legitimate offspring of an historically slow but sure loss in the purchasing power of the dollar, offset by a parallel increase in the dollar value of equities? If the former is true, should we disown it? If the latter is the case, shall we adopt this concept? These basic questions, with their public relations and other implications, are grave ones. We must find the right answers."

Mr. Zimmerman listed as threats to the life insurance business: (1) Further expansion of social security beyond its originally intended subsistence level of benefits; (2) further unbridled and unsound growth of fringe benefits for employees; (3) future complex governmental regulation that could confine the business like a strait jacket; and (4) fratricide... The possibility "that now or in the future the actions of some men in life insurance management may be governed by motives other than those of trusteeship"—with specific reference to over-sanguine tontine policy sales promotion.

However, the legislative and political climate is somewhat more conducive to sales progress than formerly, and market and economic opportunities are better than ever, he said.



C. J. Zimmerman

"Already social security has had a narrowing effect on our market," said Mr. Zimmerman. Referring to a statement by the Secretary of Health, Education and Welfare to the effect that the market for life insurance is today broader than ever, he added, "This is true, but only because our expanding economy has broadened this market more rapidly than the encroachments of social security and government insurance have narrowed it." The real danger, he said, lies in the philosophy which motivates the expansion of social security "and who is so naive or optimistic as to believe that strenuous efforts will not be made to expand it further?"

Of the tremendous growth of fringe benefits since 1940, he said: "it seems to me that the man who places his primary dependency on government for security and the balance of his dependency on the employer for security is no longer truly a free man. His freedom of choice and action is inevitably restricted." He suggested that

in fostering this growth of fringe benefits for employees "business has assumed a far greater obligation and responsibility than even it may realize."

Mr. Zimmerman said that while no one will quarrel with the desirability and propriety of proper life insurance supervision, it should be "enlightened supervision that leaves management the right to manage, to exercise initiative and imagination, to experiment, to lead, to compete."

• • •  
Of "fratricide," he said, "Regrettably, we see today a rise in the sale of tontine insurance through misrepresentation and through the making of promises which honest men know cannot be kept. We suspect that some companies being formed are not motivated primarily by the desire to serve the insuring public as much as to secure capital gain, or evade taxation, or to grasp personal profit at the expense of the public."

He described how LIAMA'S continued dedication to the improvement of life insurance distribution through the agency system is reflected in its performance of those things which

individual companies cannot do well or do at all; in its research services, and in its assistance in establishing sound operating philosophies.

## N.W. Mutual Cuts Term Rates, Hikes Minimum Policy

A reduction in gross premium rates for term policies and an increase in the minimum amount for which a term policy may be written have been announced by Northwestern Mutual Life, effective Jan. 1.

Gross premiums on 1, 2, 3, 4, and 5 year initial term and 5, 10, 15, and 20 year convertible term policies will be reduced approximately 10%.

The new minimum amount for term policies is \$3,000.

## N.Y. Life Promotes Iliff

Robert E. Iliff has been appointed district group supervisor in charge of New York Life's new group office in Newark. He joined the company in 1951 and was home office representative in the New York City downtown group office.

Joseph Carberry, who joined the company in 1951, will be working with Mr. Iliff in Newark.

## WE'RE NOT THE ONLY COMPANY

**T**HREE are now some seven hundred companies engaged in the legal reserve life insurance industry. We are just one of these.

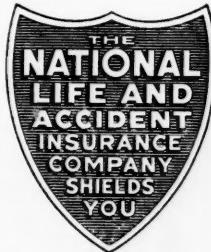
A man doesn't have to buy his life insurance from us to provide security for his family, nor does an Agent have to work for us to be successful.

But, in either case, it helps.



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Boston Mutual is constantly reviewing policyholder programs to make sure they meet with changing family needs.



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**LIAMA MEETING****Life, Mutual Fund Philosophies Opposed; Insurers Can't Handle Both: J. Harry Wood**

Life companies should not engage in mutual fund activity, even if it is admitted that mutual funds have a definite place and will continue to be increasingly important. This was the conclusion of J. Harry Wood, editor of the *CLU Journal* and professor of management at Washington University, St. Louis, who addressed the annual meeting of LIAMA in Chicago. Mr. Wood was formerly on the LIAMA staff, was director of its schools, and has served as vice-president of three life companies.

Mr. Wood outlined these reasons why life companies should not engage in mutual fund activity:



J. Harry Wood

"1. Life investment departments are not set up for equity investment, either in staff or philosophy. The staff could be added, but the damage to the philosophy might be insidious and irreparable. The present philosophy is that of certainty both of income and repayment of principal. To impose a double philosophy is to waver between means as to reaching an objective, and to even vary the objective."

"The fact that many companies do make equity investments, and perhaps more will and should in the future is an entirely different matter: such investments are made occasionally, on a relatively small scale, on a conservative basis—and not in competition with mutual funds as to appreciation or income received from year to year. This permits independence; competition would require a certain conformity, or loss of competitive standing."

"2. Life companies, as represented by top management and by the field

force, have power because of a common objective: sale of security in terms of a guaranteed number of dollars at guaranteed specified times. A dilution of this one objective would be harmful. It would not only weaken the present drive, but it would open the gates to mistakes, for life insurance officers are human, and one of the traits of humans is that we are often swept along emotionally. Emotions make for bull and bear markets in stocks; bull and bear markets make for mistakes."

"3. Field forces would be the losers. Conviction is perhaps the strongest part of selling. What would happen to the conviction, amounting almost to missionary zeal that one should protect the family through life insurance, if it were possible to add 'but if you don't want to do it the right way I can sell you mutual fund shares?'"

"4. Most important, however, the public would be the loser, not only because of the possibility of gradually weakening the inherent strength of the institution through a change in the philosophy of top management, not only because the public might purchase less insurance than they otherwise would if the salesman's conviction had not been dulled, but because in selling mutual fund shares of a particular life company, the company and the salesman could not follow the high and rewarding principle so well accepted today: that of analyzing the needs of a prospect and selling him the right thing whether term, ordinary life, or some endowment."

"For anyone who insisted that the life sales force should sell mutual funds and who also agreed that the public should buy what is best for their individual needs, the conclusion

would logically have to be that the only possible present day answer to that would be to make it possible for an individual life salesman to offer any mutual fund now available, and of course, my reason number three would answer this."

"5. Granted that mutual funds have much to commend them and are here to stay; granted that some life salesmen will sell mutual fund shares for reasons good or bad, life insurance is based on confidence. Confidence can only be the result of certainty. Whatever else may be said of them, mutual funds are not certain and the disappointments which are bound to come would carry the resulting lack of confidence over to the other product, life insurance; if the same company sold both."

**Southeastern Actuaries Elect Stiles President**

Hubert Stiles, Southern Life & Health, was elected president of Southeastern Actuaries Club at its annual meeting in Atlanta. He succeeds R. L. Wagner, National Life & Accident.

Thomas F. Bowles, consulting actuary at Atlanta, is vice-president, and Burton E. Moore, Columbia, S. C., consulting actuary, is secretary-treasurer. Named to the executive committee were R. L. Wagner, National L&A, and Sam Boone, Security Life & Trust.

Alfred N. Guertin, American Life Convention actuary, as special guest speaker discussed trends in valuations of securities.

• Milwaukee CLU chapter at its November meeting heard a discussion of life insurance and trust opportunities under the new tax law by Philip K. Dressler, assistant vice-president of Marshall & Ilsley Bank, Milwaukee.

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## Program Announced for Institute's Annual Meeting

The annual meeting of Institute of Life Insurance to be held Dec. 7 at the Waldorf-Astoria in New York City will feature three outside speakers, a preview of a new institute-sponsored film and a testimonial luncheon for the past chairmen of the organization.

The general theme of this year's gathering will be the increased responsibilities of leadership in a changing social and economic environment.

Viewpoints of an editor, a farm publisher and a public relations consultant will be presented at the morning session, over which Paul F. Clark, institute chairman, will preside. Mr. Clark is president of John Hancock. Speakers will be August Heckscher, chief editorial writer of the *New York Herald Tribune*; Kirk Fox, editor *Successful Farming*, and W. Howard Chase of Selvage, Lee & Chase, New York City public relations firm.

President Holgar J. Johnson of the institute will conclude the morning session with a round-up discussion of the changing world scene as presented by the speakers, relating this to life insurance.

After lunch the institute will hold its annual business meeting, at which new board members will be elected. The new board will then hold its organizational meeting, when officers will be named for the coming year.

A preview presentation of "A Matter of Time," a film just completed by the institute for the Life Insurance Medical Research Fund, will open the morning session.

## Substandard Risk Charges Cut by Occidental, Cal.

Occidental Life of California now will issue total disability income to certain occupationally rated risks, and has substantially reduced extra premiums on substandard risks. There has been a general liberalization of substandard underwriting, and the occupational rating manual has been reduced from 75 to 16 pages.

Substandard extra premiums have been reduced from 10% to 40%, depending on age of issue and degree of insurability. Level term ratings, as an example, have been cut a flat one-fifth down the line. Table A is now

20% extra instead of 25%; table B 40% instead of 50%; table C 60% instead of 75%, and table D 80%, rather than 100%.

## Named D.C. Group Manager

Gordon L. Richardson has been promoted to manager of the Washington, D. C., group office of John Hancock. He succeeds James W. Moriarty, recently made manager of the New York City group office. Mr. Richardson joined the Detroit group office in 1950 and has been senior sales and service representative at the Washington group office since last March.

## Coyle V-P of N. Y. Assn.

Michael P. Coyle, agent of Phoenix Mutual, has been elected public relations vice-president of New York City Life Underwriters Assn. to replace Andrew F. Kinbacher, who recently resigned. Mr. Coyle has been a director of the association and is a director of the New York City CLU chapter.

- Milwaukee life cashiers heard a discussion on the amended social security act by Karl A. Albrecht, Milwaukee district manager.

## DIFFERENT APPROACH?

## New Congressional Leaders May Desert A&H Reinsurance

It is "conceivable" that the new majority leaders in Congress will advocate some other approach to the problem of health insurance that may not employ the reinsurance principle, said Eugene M. Thore, general counsel of Life Insurance Assn. of America, at the Chicago meeting of LIAMA.

There is no doubt, however, that the A&H reinsurance bill, though possibly in a form less objectionable to the insurance business, will be offered again and will be strongly advocated by the administration.

One objection to the bill was that it left too much discretion to the Secretary of Health, Education and Welfare in drafting regulations. It can be assumed the new bill will be more specific, Mr. Thore said. Also the bill may aim at encouraging experimentation in areas where the least coverage is now

written but which present important problems, particularly in the field of major medical, with perhaps some emphasis on low income groups, the aged and perhaps rural areas.

Mr. Thore said the federal trade commission has been receiving a flood of letters following the complaints it issued against 17 A&H insurers but the FTC's replies to letters not based on company advertising clearly demonstrate that the commission "is properly limiting its action to trade practices in the field of advertising" and recognizes that inquiries regarding company solvency, the right of the insurer to cancel or reject claims, and the like, are the exclusive jurisdiction of the state insurance commissioners.

The FTC, said Mr. Thore, feels confident that it has jurisdiction in the cases of the 17 A&H companies, its contention being that in some states advertising is not regulated by specific statute.

Mr. Thore said there is every reason to believe that through cooperation between the business and the Treasury the final regulations will be satisfactory to all concerned.



Recognize him?

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Recognize him? It's you—the life insurance underwriter of America. Only last month in Des Moines, for example, you made certain that a widow wouldn't have to go to work and a fatherless child would have a full-time mother.

Yesterday in Fort Worth you made sure that a young boy would one day be able to go to the medical school of his choice. And so it goes . . . each day, each

week, each month, each year! There's no end to your mighty deeds.

Because of the service you perform for the American family, you have come to symbolize financial security to some 90,000,000 life insurance policyholders . . . men and women whose foresight is strengthening America's future.

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INSURANCE COMPANY OF AMERICA



**A Combination Company offering all forms of Ordinary Life, Weekly Premium Life, Hospitalization, Health and Accident, and Credit Life Insurance.**

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**Our 47th Year of Service**

# Give Timetable for NAIC Meeting in New York City

The hour-by-hour program of committee meetings and plenary sessions and the topics that are to be taken up are listed for the semi-annual meeting of National Assn. of Insurance Commissioners, scheduled for Nov. 29-Dec. 3 at the Hotel Commodore, New York City.

Matters exclusively of interest to property insurance persons are not included.

NAIC's 1955 annual meeting will be held May 30-June 3 at the Biltmore hotel, Los Angeles.

9:30 a.m.—Subcommittee to study sites for future meetings, Sheehan, Minnesota.

Subcommittee on proposed model fraternal code, Gillooly, West Virginia.

10:30 a.m.—Subcommittee on examination manual changes (executive session), Bowles, Virginia.

11:30 a.m.—Subcommittee on Blue Cross-Blue Shield, Leslie, Pennsylvania. (1) Extended maternity benefits.

Subcommittee on tontine policy control, Maloney, California. (1) Consideration of NALU proposed legislation. (2) Any other matter submitted for consideration.

12:30 p.m.—Passe Club International luncheon.

1 p.m.—Subcommittee on examinations practice and procedure manual revision, R. O. Hooker, Connecticut.

2 p.m.—Subcommittee to study enlarging the functions of assistant secretary's office and methods of financing.

Subcommittee on examination methods practices and laws (executive session), R. O. Hooker, Connecticut.

Subcommittee to study the subject of group life, Gillooly, West Virginia.

3 p.m.—Subcommittee on tie-in-sales of insurance with mutual fund shares, Goebel, Kentucky.

3 p.m.—Subcommittee of commissioners on uniform accounting, Maloney, California. (1) Continuation of present expense groups. (3) Definition of inspection expenses. (4) Definition of acquisition, field supervision and collection expenses. (5) Report of industry uniform accounting committee on basis of allocation. (6) Utilization of time study and unit counts in lieu of flat percentage loadings. (7) Jurisdiction of the NAIC uniform accounting subcommittee over cost analysis of other than insurance expense exhibit.

4 p.m.—Executive committee, Taylor, Oregon. (1) Executive committee report of its meeting, Oct. 25, 1954. (2) NAIC constitution and by-laws. (3) Assistant secretary's report. (4) Federal government activities. (5) Assistant secretary's office functions and methods of financing subcommittee report. (6) NAIC future meeting sites subcommittee report. (7) Special subcommittee reports. (8) Any other matter submitted for consideration.

10:30 a.m.—Life insurance committee, Lansing, Nebraska. (1) Commercial pension funds and trusted welfare funds—advisability of supervision and regulation by state insurance departments. (2) Group life study subcommittee report. (3) Allocation of income and expense study subcommittee report. (5) Any other matter submitted for consideration.

1 p.m.—Fraternal insurance committee, Hammett, Nevada. (1) Model fraternal code subcommittee report. (2) Any other matter submitted for consideration.

## Tuesday, November 30

9:15 a.m.—Blanks committee, Robinson, Ohio. (1) Life blank instructions subcommittee report. (2) Credit life and credit A&H experience (referred by life committee). (3) A&H claims information (referred to by A&H committee). (4) Reporting of indivisible premiums on dwelling policies. (5) Reporting lease-back real estate in association blank. (6) Any other matters submitted for consideration.

10:34 a.m.—Plenary session, Knowlton, New Hampshire.

Valuation of securities committee, Bohlinger, New York. (1) Valuation of securities subcommittee report. (2) Any other matter submitted for consideration.

Insurance sales on U. S. military reservations committee, Smith, Texas. (1) Any matter submitted for consideration.

4 p.m.—Examinations committee. (1) Examinations practice and procedure manual revision subcommittee report. (2) Examinations manual changes subcommittee report. (3) Examinations methods, practices and laws subcommittee report. (4) Any other matter submitted for consideration.

Federal liaison committee, Bohlinger, New York. (1) Federal trade commission proceedings against A&H companies. (2) Any other matters submitted for consideration.

## Wednesday, December 1

9 a.m.—Laws and legislation committee, Navarre, Michigan. (1) Tontine policy control subcommittee report. (2) Any other matter submitted for consideration.

10:30 a.m.—Life insurance committee, Lansing, Nebraska. (1) Commercial pension funds and trusted welfare funds—advisability of supervision and regulation by state insurance departments. (2) Group life study subcommittee report. (3) Allocation of income and expense study subcommittee report. (5) Any other matter submitted for consideration.

Unauthorized insurance committee, Maloney, California. (1) Insurance sales on U. S. military reservations committee report. (2) On mail order insurance in connection with U. S. senate judiciary committee matter committee report. (3) Undesirable practices of unauthorized insurers. (4) Any other matter submitted for consideration.

1 p.m.—Fraternal insurance committee, Hammett, Nevada. (1) Model fraternal code subcommittee report. (2) Any other matter submitted for consideration.

2:30 p.m.—Uniform accounting committee, Fischer, Iowa. (1) Uniform accounting subcommittee report. (2) Commissioners uniform accounting subcommittee report. (3) Any other matters submitted for consideration.

Zone 6 meeting—Sullivan, Washington.

4 p.m.—A & H committee, Martin, Louisiana. (1) Blue Cross-Blue Shield subcommittee report. (2) A&H committee report. (3) Any other matter submitted for consideration.

Thursday, December 2

9 a.m.—Executive committee, Taylor, Oregon. (to complete agenda).

2:30 p.m.—Plenary session Knowlton, New Hampshire.

Friday, December 3

9:30—Plenary session (executive), Knowlton, New Hampshire.

## Lombardo, Dockman Head General American Agency

John Lombardo and John Dockman are partners in a new General American Life general agency in the Miami-Fort Lauderdale area. For six months they have jointly operated an agency for the company at Baltimore.

Both men previously were with Lincoln National Life at Baltimore. Mr. Dockman also at one time was with Acacia Mutual Life. Mr. Lombardo is a graduate of the Purdue course.

## Central Ia. in New Home

Central Life of Iowa is moving this week from the Insurance Exchange building where it has been located since 1923, to its new home office building located at Fifth and Keosauqua Way in Des Moines. Open house will be held Dec. 12.

The new home office building is 108 by 210 feet, has five stories and basement, and was built at a cost of \$2,900,000.

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## Sixty-First Year of Dependable Service

★ The State Life Insurance Company has paid \$190,000,000 to Policyowners and Beneficiaries since organization September 5, 1894 . . . The Company also holds over \$82,500,000 in Assets for their benefit . . . Policies in force number 102,000 and Insurance in force is approximately \$220,000,000 . . . The State Life offers splendid agency opportunities—with liberal contract, and up-to-date training and service facilities for those qualified.



**THE STATE LIFE INSURANCE COMPANY**  
Indianapolis, Indiana



MUTUAL LEGAL RESERVE FOUNDED 1894

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November 12, 1954

## Big Tax Differential Could Ruin Stock Insurers, Adams Says

Any significant differential in taxation between stock and mutual companies would "quickly drive the stock companies out of business in a fiercely competitive market already dominated to a large extent by the mutuals," said Claris Adams, executive vice-president and general counsel American Life Convention, at the LIAMA meeting at Chicago. He pointed out while stock companies greatly outnumber mutuals, more than two thirds of the business, and even a larger per cent of company assets and total income, is held by insurers conducted on the corporate plan.

Mr. Adams also opined that if the industry does not present an organized strong common front at the forthcoming hearings by the subcommittee of the House ways and means committee studying the problem of life company taxation, dire results could follow. Hearings are scheduled to begin Dec. 13.

The speaker outlined the program of the joint tax committee of ALCLIAA and said that after the Stamm committee and members of the Treasury staff complete their analysis of various tax plans as a possible basis for permanent legislation, the company organization committee will meet again to consider the questions which may arise.

He mentioned the difficulty of arriving at equality by formula when excess interest is calculated on variable standards since companies operate on different reserve bases. "We consider the 6½% base rather high, but a still tolerable level," he said. "While the system does not produce exact equity between companies, with certain adjustments to relieve individual cases of hardship it could probably be fashioned into a law generally satisfactory to the business."

The program of the companies' joint tax committee, retains the flat tax as a base but contains added features. The plan being in substance a tax at the going corporate rate on a percentage of the policyholders' dividends roughly calculated to tax the interest content of such dividends and a tax at the going corporate rate on profits of stock companies distributed in the form of dividends to stockholders.

"In addition, investment income on group annuities and certain similar

funds were eliminated from the tax base to avoid the competitive disadvantage which companies issuing such contracts now suffer as compared to self-administered retirement funds by the large corporations," he declared.

## Arnold Brown Heads Pacific Actuarial Club

Arnold Brown, Metropolitan, was elected president of Pacific States Actuarial Club at its fall meeting at Pebble Beach, Cal. He succeeds A. C. Olshen, West Coast Life.

Harold Paff, Prudential, was named vice-president, and Ralph Niles, Standard of Oregon, secretary.

Among guest speakers were Walter Klem, Equitable Society, president of Society of Actuaries, and A. N. Guerkin, actuary of American Life Convention.

## Krueger Saratoga Chairman

Harry Krueger, general agent of Northwestern Mutual in New York City, will be chairman of the New York State Assn. of Life Underwriters annual management conference at the Gideon Putnam hotel in Saratoga Springs Feb. 18-19.

## Price Advertising Harmful: Kilgour

D. E. Kilgour, assistant general manager and director of agencies of Great West Life, told the LIAMA meeting at Chicago there is a clearly growing trend toward advertising price to the public, with strong warnings "not to do business with your old friend John Doe but look behind him for some special deal another company may have."

Mr. Kilgour opined while price advertising is extremely successful in certain businesses, it can do nothing but harm life insurance and the welfare of the field force. His company could theoretically thrive on it, he said, but does not intend to get into price advertising since it believes anything adding to buyer resistance or confusion will unfavorably affect the sale of life insurance for all companies.

"Good salesmen have a sufficiently difficult time competing with other consumer demands and buyer procrastination, without having to carry separate tables to show why their

recommendations are not identical with some other company's," he declared. "If the majority of companies refrain from joining what can only be a rat race if carried on a broad scale, it should restrain the ill-effects to a minimum. There are opposite views on price advertising, but the area certainly demands the most careful long-term judgment."

## American United Has New Cover Aimed at Large Policy Market

American United Life has a new low cost policy aimed at the business men and larger policy markets, called the \$25,000 executive special.

Featuring lower net payment whether averaged over 10 or 20 years, the new policy is issued in amounts down to a half unit of \$12,500. It is not confined to preferred risks and may be sold on a rated basis. There is an extra persistency dividend favoring continuing policyholders, not only those who surrender the policy.

The policy is whole life paid up at 95. The first dividend is due at the end of the second policy year. Issued at ages 0 to 5, it pays a liberal commission in spite of low cost.

## LNL'S Employee Package Plan Has Doubled Sales

**Lincoln National's Employee Package Plan has doubled the sales and commissions LNL representatives secure from small employee groups. And it has started many an LNL agent in the Company's profitable Group business.**

**Lincoln National's easy-to-present Employee Package Plan is another reason for our proud claim that *LNL* is geared to help its field men.**

**THE  
LINCOLN NATIONAL  
LIFE INSURANCE  
COMPANY**

**Fort Wayne, Indiana**

**Its Name Indicates  
Its Character**

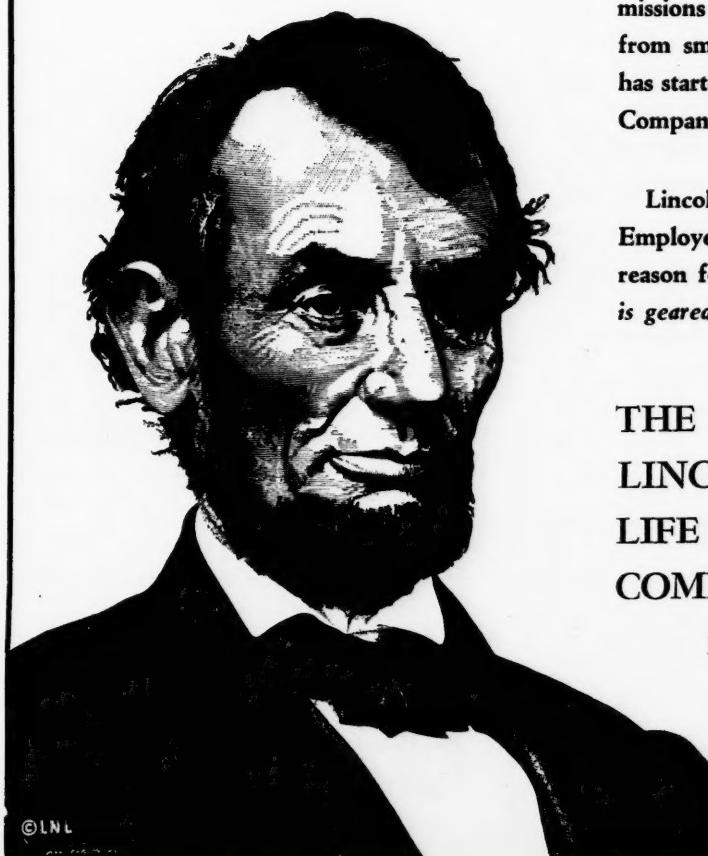
### ACTUARIAL EXECUTIVE

A large firm of pension consultants needs a contact man with an actuarial background and a top personality to manage a mid-west office. \$20,000. salary. No fee on this position.

### FERGASON PERSONNEL

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## EDITORIAL COMMENT

### Why Things Happen to News Releases

G. D. Crain, Jr., Publisher of Advertising Age, writing in the Sept. 20 issue of that paper, calls attention to the news release situation:

An up-and-coming agency executive was recently complaining about the treatment accorded a news release which he had sent to a business paper in a field in which one of his major clients is interested. The item got published, all right, but not in the form in which it had been submitted.

For one thing, the names of the principal executives of the account, who were quoted as making the announcement which was the subject of the release, were omitted, and the whole story was greatly condensed. Some additional facts, not included in the original story had been added on the initiative of the editor, and one or two of them were unpalatable to the client and the agency. Altogether, the account man was very unhappy about the whole thing.

His chief emphasis was on the fact that he had contacted the publication, which had expressed interest in getting the story, and hence he felt that it was obligated to run the news as submitted rather than doing a rewrite which from his standpoint resulted in a less satisfactory item than the one submitted after okay by the client.

The only thing that this advertising man overlooked was that publications in both the business and general fields must write for the information of their readers rather than to please their advertisers. If they follow the policy of accepting handouts, without further investigation, as some lazy correspondents in Washington are often accused of doing, they will soon be labeled as lacking in originality and enterprise. And the appearance of the same news release in several publications likewise tends to discredit the idea of using publicity stories "as is".

In addition, sources of good news stories often overlook the space limitations confronted by editors, especially if they are nearing a deadline and have a limited amount of time and space in which to edit and set up a story. Thus some of the data which might be acceptable otherwise is eliminated solely for the purpose of saving space and enabling them to fit the exact number of column inches which may be available in the issue just going to press.

While it is true that an agency man

handling a news release for a client likes to get the names of his principals into the story, this is in most cases strictly window-dressing to inflate the ego of the client and to make him feel that his name was used because of his established prestige and authority. "Mr. So-and-So announces" may be an essential part of the news story, but in most cases it is unnecessary and irrelevant.

Then the question of whether an editor should accept a news release as containing 100% of the facts is likewise determined by his knowledge of the situation and his ability to get the additional information which his judgment tells him belongs in the story. If there are obvious holes in the news release, which can be filled by obtaining additional data, an editor is to be commended if he employs his facilities to obtain information he considers to be an essential part of the story.

There are occasions, of course, in which news releases are rewritten so carelessly as to misstate the facts, or to emphasize unimportant details at the expense of the real story. This sometimes happens in the best of editorial families. There is no excuse for the rewrite man who garbles a plain statement in trying to condense the story to conform to the publication's requirements.

But the business man who wants to be sure that a news release is printed correctly, though with variations conforming to the special interests of the publications concerned, can do much worse than talk personally to the editors to whom he wishes to release the news, and by thorough discussion make sure both that the facts are understood and that their special significance is properly emphasized when the stories are written.

### Expect Repercussions on Insurance in Minn.

ST. PAUL—The election in Minnesota will have some repercussions on insurance. Indications are that the liberals will be much stronger in the legislature and may control the house, and as the insurance department was brought into the campaign by some of the liberal candidates there may be bills offered directed at the department.

Orville Freeman, governor-elect, has announced that he will replace heads of several state departments. He did not specifically mention the insurance department. Commissioner Cyril Shee-

han was appointed for a six-year term beginning Feb. 10, 1953.

Two senators who have headed important insurance committees for several years were defeated which means new committee chairmen in those cases. Raymond Jukowski, senate insurance committee chairman, and Milton Lightner, senate compensation insurance chairman, both lost out. However, George French, for many years chairman of the insurance committee in the house, was re-elected, but if the liberals take over the house there probably will be another chairman. Mr. French is secretary and counsel of the Insurance Federation of Minnesota.

A newcomer in the senate will be Leslie Westin, of St. Paul, a special agent of the Northwestern Mutual Life.

## DEATHS

**PETER E. TUMBLETY**, 67, 1st vice-president of Empire State Mutual of Jamestown, N. Y., died at his home in Pelham, N. Y. He entered the business as an adjuster with Columbian National Life at Boston, where he remained for 30 years before becoming president of St. Lawrence Life Association of Jamestown, N. Y., in 1940. A year later the company merged with Empire State and Mr. Tumblety became 1st vice-president. He was also a director and secretary of Jefferson Ins. Co. of New York City.

**JESSE S. PHILLIPS**, 83, director and former chairman of Great American and former New York insurance superintendent, died at his home in Bronxville, N. Y. He was commissioner from 1915 to 1921 and was president of National Convention of Insurance Commissioners in 1916 and 1917. In 1921 he became general manager and counsel of National Bureau. He was appointed to the state insurance board in 1933 and held that position for 20 years. Mr. Phillips served in the New York legislature from 1901 to 1911.

**GEORGE A. PEAK**, 63, vice-president of Central Life of Iowa from 1916 to 1919, died of a heart attack at a hospital in Hartford. During recent years he served as senior partner in the operation of the Insurance Exchange building at Des Moines. Early in his career he was president of Des Moines Life Underwriters Assn. Central Life was founded by his father.

**STANLEY J. WELKE, SR.**, 62, manager of the sales staff in the Lakeside office of Prudential in Milwaukee, died following a stroke. He joined the company there in 1926.

**MRS. HALLIE P. HYSLOP**, for some 22 years a general agent for Provident L. & A. at Lansing, Mich., died there.

**JOHN E. DAVIS**, 56, general agent at Pittsburgh for Massachusetts Mutual, died in West Penn hospital there after a heart attack.

**JOHN P. ACKERLY, JR.**, 54, Virginia manager for Sun Life of Canada since 1945, died at his home in Richmond. He joined the company in 1929.

**WILLIAM T. KILBORN**, 65, with Metropolitan Life in Seattle for 28 years, died of a heart attack.

### Martindale to American Nat'l

American National has appointed Melvin E. Martindale A&H actuary. He formerly was actuary for the Texas department. Before that he served with both Southwestern Life and Great Southern Life.

### Hicks Made General Agent

Crown Life has named Robert N. Hicks general agent at San Antonio. Mr. Hicks has been in personal production there for seven years.

**ADVERTISING OFFICE:**  
175 W. Jackson Blvd., Chicago 4, Ill.  
**Associate Editors:** John C. Burridge, Charles C. Clarke and William H. Faltysek.  
**Assistant Editor:** Edmund J. Brophy

**KANSAS CITY 6, MO.**—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Geising, Resident Manager.

**MINNEAPOLIS 2, MINN.**—558 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

**NEW YORK 38, N. Y.**—99 John Street, Room 1103, Tel. Beekman 3-3958. Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

**OMAHA 2, NEBR.**—610 Keeling Bldg., Tel. Atlantic 3-4116. Clarence W. Hammel, Resident Manager.

**PHILADELPHIA 9, PA.**—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrickson, Resident Manager.

**PITTSBURGH 22, PA.**—503 Columbia Bldg., Tel. Court 1-2494. Bernerd J. Gold, Resident Manager.

**SAN FRANCISCO 4, CAL.**—Flatiron Bldg., 50 Market St., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

### NATIONAL UNDERWRITER

—Life Insurance Edition  
**EDITORIAL OFFICE:**  
90 John St., New York 38, N. Y.  
Editor: Robert B. Mitchell.  
Assistant Editor: Warren Kayes.

**ATLANTA 3, GA.**—432 Hurt Bldg., Tel. Walnut 9801. O. Robert Jones, Southeastern Manager.

**BOSTON 11, MASS.**—207 Essex St., Rm. 421, Tel. Liberty 2-1402. Roy H. Lang, New England Manager.

**CHICAGO 4, ILL.**—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr. A. J. Wheeler, Resident Manager.

**CINCINNATI 2, OHIO**—420 E. Fourth Street, Tel. Parkway 2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgemuth, News Editor; Roy Rosenquist, Statistician.

**DALLAS 1, TEXAS**—708 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadis, Southwestern Manager.

**DETROIT 26, MICH.**—607 Lafayette Bldg., Tel. Woodward 1-2344. A. J. Edwards, Resident Manager.



November 12, 1954

## Congress Committee Changes Foreseen

**WASHINGTON**—Capture by Democrats of control of Congress means changes in committee chairmanships of interest to insurance.

Sen. Kilgore of West Virginia will head the judiciary committee, which has jurisdiction over insurance with relation to the anti-trust laws and federal regulation.

Sen. Byrd of Virginia will succeed Millikin of Colorado as head of the finance committee, where taxation and veterans' insurance legislation are dealt with.

Magnuson of Washington is due to be chairman of the interstate commerce committee, which has to do with legislation affecting commerce, including marine insurance and SEC.

The labor and public welfare committee will be presided over by Hill of Alabama. This committee takes care of A&H insurance legislation generally. The postoffice and civil service committee with jurisdiction over government employees group A&H will be headed by Johnston of South Carolina.

O'Mahoney of Wyoming is back after a lapse of two years. He sparked the insurance investigation by the Senate judiciary committee after the Southeastern Underwriter Assn. decision, and he suggested federal regulatory legislation.

In the House committees and their prospective chairmen are:

Ways and means (taxation), Cooper of Tennessee; interstate and foreign commerce (health reinsurance), Priest of Tennessee; veterans affairs, Teague of Texas; postoffice and civil service, Murray of Tennessee; banking and currency, Spence of Kentucky; merchant marine and fisheries (marine insurance), Bonner of North Carolina; and judiciary, Celler of New York.

The District of Columbia committees of both houses, which handle D. C. insurance legislation will be headed by Senator Neely of West Virginia, and Rep. McMillan of South Carolina.

The Senate labor and welfare group and the House committee on education and labor handle legislation dealing with welfare and pension funds. Each of them has had a subcommittee investigating problems related thereto. Rep. Barden of North Carolina is scheduled to head the latter committee.

ployees, etc., but not to a heterogeneous association formed only to buy insurance.

Fort Wayne A & H association at its organizational meeting.

Hugh J. Jennings, Minnesota Mutual, is vice-president; Walter J. Johnson, National L & A., secretary, and Duane E. Lupke, Lupke agency, treasurer. All are of Fort Wayne. Speaker was William Coursey, managing director of the International association.

## Elect Morris at Ft. Wayne

John W. Morris, Hoosier Casualty, was elected first president of the new

## Guardian Campaign Honors J. A McLain

In an October campaign honoring President James A. McLain, the field force of Guardian Life submitted more than \$21.5 million. In addition, over \$53,000 of A&H premiums were written.

In life insurance the Fay agency at Hartford tripled its quota to finish in first place; Saulsbury in Oklahoma City took second place, and Fuller & Copeland in Birmingham was third.

Leading agencies in A&H submissions in percentage of quota achieved were Houston, Hancock in Niagara Falls, and Warshauer in Brooklyn.

In actual submitted volume, the Spaulder, Warshall & Schnur agency, New York City, led in both life insurance and A&H premiums. The Eisen-drath New York City agency was runner-up in life volume, while the Shale H. Goodman agency in Kansas City took second place in A&H.

Field men who took individual honors are M. D. Rosenberg Jr., Washington, D. C., life volume; J. P. Poole, Atlanta, total lives; H. O. Robertson, San Francisco, in both A&H premium volume and A&H applications.

## Decision Reserved in Shenandoah D. C. Suit

After hearing arguments for two days, District Judge McLaughlin reserved decision in the suit of Shenandoah Life to compel Superintendent Jordan to renew the company's license in the District of Columbia. Company and government attorneys agreed that the issue is what constitutes an association eligible for group coverage under the 1934 D.C. law.

The company contends that under an earlier ruling by the insurance department, any 50 or more employees can form an association and if 75% of them want coverage the group is eligible, even though they have nothing in common except the wish to buy insurance.

The government argues that a group policy may be issued on federal employees in the name of the head of a government department or agency, or to an association of employees which is open to all the employees of the department or agency, or to all employees in any category within the department or agency, such as all lawyers, all male employees, all weather bureau em-

## A Great Program



### GUARANTEED RENEWABLE\* OR OPTIONAL RENEWABLE

\*with Premium Safety Clause

A new plan of Accident and Sickness Insurance that can include: Disability Income; Hospitalization; Surgical Benefits; Doctor's Calls; Dread Diseases and Accidental Death.

## A Great Company



World ranks 12th in individual accident and sickness premium income in the U. S.

For General Agency Openings write to T. D. Ellers, President, World Insurance Building, Omaha, Nebraska.

In the insurance world It's World Insurance

## GUARANTEE FUTURE PROTECTION

With life insurance, carefully planned for your individual family needs by the Praetorians . . . experienced in protective benefits for over 55 years.

SINCE 1898

THE PRAETORIANS  
Life Insurance  
DALLAS, TEXAS

## Name New A&H Bureau Committee Chairmen

Chairmen of the standing committees and subcommittees have been named by Alfred W. Perkins, vice-president of Union Mutual Life and Bureau of A&H Underwriters chairman. They are:

General committees—governing committee, Mr. Perkins. Advisory committee on economics of financing medical care, Dr. E. S. Williams of Life of Virginia. Agency, M. J. Dende of Union Mutual Life. 1955 annual meeting, R. S. Schoonmaker Jr. of Berkshire Life. Claims, D. N. Morrison of Aetna Life. Finance, W. L. Bates of Fidelity & Casualty. Auditing, J. F. Lydon of Ocean Accident. Law, Berkeley Cox of Aetna Life. Medical section, Dr. H. E. Christensen of Union Mutual Life. Committee of three to cooperate with Life Insurance Medical Directors Assn., Dr. A. F. Seibert of Travelers. Membership, E. D. Armantrout of Provident Mutual Life. Nominating, Mr. Lydon. Planning, R. K. Metcalf of Connecticut General Life. Public relations, S. F. Withe of Aetna Life.

Individual committees—Individual insurance, H. R. Roberts of Connecticut General. Conservation, F. J. Haran of Connecticut General. Franchise insurance, G. L. McDowell of Commercial of Newark. Health insurance, C. E. Stevens of Standard Accident. Hospital doctor relations, A. E. Haskell of Aetna Life. Hospital expense insurance, R. W. Carey of New York Life. Major medical expense insurance, R. E. Ryan of Royal-Liverpool. Methods and procedures, D. J. Moe of U. S. Life. Non-cancellable insurance, Charles Seavey of Union Mutual Life. Risk selection, R. W. Pope of Employers' Liability. Special hazards, Mr. Pope. Substandard risks, J. M. Wickman of Mutual Life of

New York. Educational seminar, Mr. Seavey. Legislative and insurance departments, P. H. Rogers of Aetna Life. Occupational classifications, Mr. Lydon. Policy language, C. J. McBride of Travelers. Statistical, T. O. Schwarz of Standard Accident.

Group committees—Group and statutory disability insurance, G. E. Light of Travelers. Administrative procedures, J. T. McCrystal of Home Life. Blanket insurance, E. H. Marshall of Indemnity of North America. Claims procedures, W. J. Reid of Travelers. Educational seminar, M. D. Miller of Equitable Society. Hospital doctor relations, H. R. Leidholdt of Travelers. Required policy provisions, A. M. Browning of New York Life. Statistical procedures, H. V. Lyons of State Mutual Life.

## Occidental, Cal., Issues Two New Par Policies

Occidental Life of California has added two new participating policies to its rate book—10 and 20 payment life plans. While primarily a guaranteed cost company, Occidental said these plans were introduced to keep its rate book competitive and well-rounded.

## Atlantic Names McCreight

Charles T. McCreight has been appointed general agent at Lubbock, Tex. for Atlantic Life. He started as an agent at Dallas for Great National in 1949. In 1951 he joined Southwestern Life, for which he was assistant manager at Lubbock.

## Smith New Secretary of Life of Georgia

Rankin M. Smith, assistant agency vice-president, has been elected secretary of Life of Georgia to succeed the late George O. Sheffield. He becomes a member of the executive committee.

Mr. Smith has been assistant agency vice-president since March, and will continue his agency department connection.

For three years previously he was district manager for the Northside agency at Buckhead.

He joined the company in 1942. After war service he went to Hot Springs, Ark., was transferred to Atlanta, and in 1950 he was promoted to the company's training staff.

He has been treasurer of Atlanta Life Underwriters Assn. and chairman of the association's 1953 sales congress.



R. M. Smith

few women C.L.U. associates. Miss Gerald Camplin is the first woman to receive the degree in Wisconsin. She started with the Buckman agency four years ago as private secretary to the general agent.

## Hancock Appoints 3 V.P.'s to Executive Committee

Vice-presidents Frank B. Maher (district agencies), R. Radcliffe Massey (general agencies), and Noel S. Baker (policy departments) have been appointed to John Hancock's executive committee. Mr. Maher fills the vacancy created by the retirement of Vice-president Olen E. Anderson, reported in the Oct. 22 issue.

## Elliott New Midland Mutual Ad. Sales Promotion Chief

Charles H. Elliott has been appointed director of sales promotion and advertising for Midland Mutual Life.

For 2½ years Mr. Elliott was with the sales promotion department of Hartford Accident. Before that he spent several years with advertising agencies in Marion and Akron, O.

## American Nat'l Raises Paris

American National has appointed Alvin R. Paris manager at Fort Smith, Ark. This is a new agency.

Mr. Paris entered insurance in 1941 as an American National agent at Oklahoma City. He was promoted to district manager in 1947.

• Baltimore Life has appointed Charles H. Michael district manager at Baltimore. He joined the company in 1920.

## Fete Buckman Agency CLU's

MILWAUKEE—Officials of Old Line Life were hosts to members of the H. R. Buckman general agency and their wives on the occasion of presenting gold C.L.U. keys to three members of the agency by James H. Daggett, president. In addition to Jerry Clifford and Ralph Rybarchyk, who received regular C.L.U. designations, the agency boasts of having one of the

## Mr. OSLICO Says:



It's a very real cloak of protection for both you and your policyholders! Lifetime compensation, death, disability and retirement benefits for you. For your policyholders, an unusually wide range of adult and juvenile "life" plans. Accident and Health, too!

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## General Agents and Agents

### HAVE YOUR MONEY ON YOUR VESTED RENEWALS NOW

- For additional working capital . . . for expansion
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PLEASE CALL OR WRITE FOR PROMPT, CONFIDENTIAL SERVICE . . .

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## No Job for an amateur!

As complex as piloting a jet plane is the planning of a sound insurance program. Just think a minute! When an insurance program is planned for a man and his family, it will affect many lives. So . . . the agent *has* to know what he's doing!

Southland Life Agents *do* know because they're thoroughly trained and given constant, helpful supervision so they can do their best job in the best way. And no minor matter . . . Southland Life Agents are assured of adequate financial backing, too.

Inquiries on how to become a Southland Life Agent will be answered promptly. Simply write the Home Office .

ASSETS OVER \$160,000,000  
Insurance in Force Over \$860,000,000  
Paid to Policyholders and Beneficiaries  
Over \$117,000,000

**Southland**  
Life Insurance  
Serving Since 1908  
Company

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## SPECIALIZED INSURANCE SERVICE SAFEGUARDING CONSUMER CREDIT

### OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY

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*Insures  
The Whole Family*

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to serve every need for per-  
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HOME OFFICE — SYRACUSE, N. Y.

### A Service Guide

CONSULTANTS  
to business and industry  
on problems related to  
**ATOMIC ENERGY**  
NUCLEAR RESEARCH ASSOCIATES  
2875 Broadway N.Y.C. UN 5-6100

Health & Accident Adjustment Co.  
A & H Claims — Investigations  
Subrogations  
for  
Commercial and Group Companies  
ANTHONY T. RESSA P. H. BUCK  
904 Dexter Horton Bldg.  
Seattle 4 Eliot 6710

### Markham Promoted by Union Mutual

Union Mutual Life has promoted B. Richard Markham to assistant director of agencies. He will supervise agencies at Providence, Boston, Springfield, Gardner, Nashua, Burlington, Portland, Waterville, Bangor and Van Buren as well as the Montreal office. He continues as director of training. He entered the business with Union Central Life in 1937, went to Miami as District Manager in 1942 and became manager for Maine in 1944 with headquarters in Portland. He joined Union Mutual as director of training in 1950.

with the opinion expressed by an administration task force which said that difficulties involving exchange rates and other factors made inclusion in a group A&H policy for government employees abroad extremely difficult.

Equitable, Mr. Mathis said, has handled a group life, accidental death and

dismemberment program for members of the American Foreign Service Protective Assn. for 25 years. About 1,700 are covered and \$20 million is in force. About 11 years ago, he said, a group A&H plan for diplomatic and consular personnel was worked out with Mutual Benefit H&A. This is still in effect.



### Md. A&H Men Study Agent Qualifications

Maryland Assn. of A&H Underwriters has requested its legislative committee to prepare to sponsor a new and strengthened A&H agents' qualification and licensing bill when the legislature meets in January. The bill will be specifically directed at better control of the caliber of new agents and the training and education requisites before they are permitted to solicit business.

It is hoped that such a bill will receive the sponsorship of the Maryland insurance department and the various segments of the business in the state, according to William Washburn, president of American Health and chairman of the legislative committee of the association.

The agents feel the real cure for most of the criticism now being leveled at a small percentage of A&H insurers lies in this direction rather than through restrictive policy form approval, he said.

The action was taken at an association meeting at which Robert W. Osler, vice-president of Rough Notes Co., and editor of *Insurance Salesman*, spoke on A&H and life insurance.

### October 'Duel' Produces Record for Mutual Benefit

The October "duel" between two "armies" of Mutual Benefit Life agents resulted in \$68,180,350 of life insurance written, compared to the previous high \$62,895,560 in the same month of 1953. The forces were led by Vice-presidents Richard E. Pille and William F. Ward.

Max Matson, Cleveland, last year's leader in sales, submitted \$2,400,000 in this year's "duel," a record for one month by a Mutual Benefit agent. His total for one week was \$2,400,000. Second in individual sales was Harry Dowe, San Francisco, who submitted \$2,130,000. Of this, \$1 million was written in one week.

Agency leader was McDougall, Cleveland, with \$4,629,931. The Earls agency at Cincinnati was second and the Murrell agency, San Francisco, was third.

The Maine agency quadrupled its quota. Quotas were tripled by these agencies: Cass, Indianapolis, and Up頓, New Orleans; and doubled by Tebow, Birmingham; Boardman, Boston; Catterton, Houston; Dale, Jackson; Berwick, Rochester, and Murrell and McDougall.

More than \$2 million was written by these agencies: Otto, Detroit; Youngman, New York City; Cook, Chicago, and Murrell.

### A&H Coverage for U. S. Employees Abroad Sound

Group plans covering government employees abroad have offered no particular difficulties, according to Alan Mathis of Equitable Society in Washington, D. C. His experience conflicts

Pilot's agency  
building plan certainly  
worked for me--  
just like they said  
it would.



An actual case from the Pilot field force.

### Pilot Life Insurance Company

PILOT TO PROTECTION FOR OVER FIFTY YEARS • O. F. STAFFORD, President • GREENSBORO, N. C.

### A LONG TIME AGO . . .

Life insurance with premiums payable weekly was first offered to the insuring public in England in November, 1854, by the Prudential of London. On this 100th anniversary, we commemorate the spirit of those who so thoughtfully enabled the working man to provide the protection of life insurance for his loved ones.

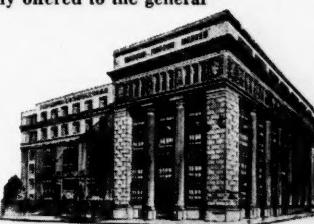
On March 1, 1873, the Monumental Life, then known as the Mutual Life Insurance Company of Baltimore, issued its first weekly premium policy. This was a \$1000 endowment at age 80, for a weekly premium of ninety cents and, we believe, was the first policy with premiums payable weekly offered to the general public in the United States by any company still in existence.

### MONUMENTAL LIFE INSURANCE COMPANY

CHARTERED 1858

Home Office

Charles & Chase Sts., Baltimore



## Marsh Estate Planning Forum Attracts 400

Three nationally known New York attorneys addressed the annual estate planning forum sponsored by J. D. Marsh & Associates at Washington. Marsh & Associates subsidiary companies, Hufty Eubank & Russell and Marsh Planning & Investment Co., shared in the presentation. More than 400 attorneys, accountants, bank officials and interested business and professional men as well as leaders in financial and educational fields attended.

David Stock of the law firm of Ehrich, Stock, Leighton & Holland, discussed how the new tax law affects life insurance, annuities and pension

profit-sharing plans. The new law's effect on partnerships and corporations, as well as income taxes, was considered by Leo A. Diamond, Rutgers University associate law professor. Joseph Trachtman of Trachtman & Wolf considered the changes with respect to estate planning generally.

### Paul Wilson Retires

Paul Wilson has resigned as vice-president and treasurer of the Central Life of Iowa and will retire to his farm located near Indianola, Ia. He has been in charge of mortgage loans and real estate for Central Life.

His successor will be named at the annual stockholders meeting next February. Mr. Wilson joined Central in 1929.

## WANT ADS

Rates—\$18 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—LIFE EDITION

### ATTENTION WOMEN LIFE UNDERWRITERS

We are seeking a successful woman life underwriter with ability to supervise, for position of supervising women life underwriters. Salary and bonus are excellent. Opportunity is unlimited. Territory in all United States and Canada.

All inquiries will be held in strict confidence.

Please state age, education, experience, family status and any additional important details.

Address: Box B-86, The National Underwriter Co., 175 West Jackson Boulevard, Chicago 4, Illinois.

### ASSISTANT MEDICAL DIRECTOR

An Assistant Medical Director is needed immediately by a fast growing, mid-western Life Company. This is a newly created position brought about by rapid expansion. We need a man between the ages of 35 and 45 with a degree—Doctor of Medicine, Class A School. Two to five years experience in the active practice of medicine and/or two years related experience in the Life Insurance field is desired. (Specialized training such as post-graduate work and a residency in medicine is preferred). Starting salary up to \$11,000. Excellent program of Employee Benefits. Moving expenses will be paid.

Please write a resume of your education and actual experience c/o Box No. B-55, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### GOOD JOBS

Large, fast growing Southern California life insurance company (one of top 15 Cos.) offers fine future to men with Home Office experience.

Positions available include—

- Actuarial Students
- Management Trainees
- Planning Analysts
- Other Technical Positions

Unusual promotional prospects. Complete employee benefits. College graduate preferred. Home Office experience of 3 or more years. Age 25-35.

Inquiries confidential. Reply with full details to Box B-78, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### ACTUARIES WANTED

We need: (1) an Associate of the Society (or recent Fellow) preferably with some pension experience and preferably age 28 to 35, and (2) a student who has passed a few examinations.

Our work is interesting, varied, and offers an excellent future. Not too much travel. We service insurance clients and public and private pension plans. Our associates work directly with clients with a minimum of supervision. Please write fully about yourself. All replies will be in strict confidence. Nelson and Warren, 915 Olive St., St. Louis 1, Missouri.

### OPPORTUNITY FOR H. & A. FIELD MAN

We're a small midwestern company and we want a top-notch man to get in on the ground floor and grow with us. Man we seek need not have years of experience but he must be high calibre. Send details in confidence to B-72, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### Wallace Discloses Startling Statistics at LIAMA Rally

(CONTINUED FROM PAGE 3) timers made \$3,860 from the company and a total income of \$4,780. The part-time insurance group took only a median of \$1,440 from their company but their total was \$8,100 (almost certainly a chance variation on the high side), while the part-time outside group received \$1,570 from the company and \$6,700 total.

He pointed out, "For the commissioned part-time agent as well as the financed, there is plenty of indication that meeting the competition for the agent's time could be well worth it."

Facts from a study of this kind, Dr. Wallace said, should be of great importance to agency officers in organizing for sales.

One example: "We have the Aptitude Index which seems to do a fair job in selection. But is this because the AI really measures aptitude for insurance selling and thus manages to shine through despite the fact that many high scoring men are part-time and don't produce as much for the company as some full-time, low-scoring men? (In this case, the AI is a lot better test than even we think it is.) Or is it because the AI picks men who are more likely to work full time? (In which case, we need to do some new and different thinking about it.)"

Dr. Wallace concluded with the reminder that LIAMA "has neither the desire nor the capability to discuss or decide whether this picture of agent activity and income is good or bad—right or wrong."

### United Benefit Life General Agents Elect C. H. Juergens

C. H. Juergens, New York City, was elected president of the General Agents Assn. of Mutual Benefit H. & A. and United Benefit Life at its annual meeting in Omaha. He succeeds Roy Morgan, Atlanta.

V. J. Skutt, president of Mutual, and N. Murray Longworth, president of United Benefit, spoke of the growth of the companies during the past year, and predicted continued expansion in 1955.

Other association officers are C. L. Gurney, Cincinnati, 1st vice-president; B. F. Helmbrecht, Buffalo, 2nd vice-president; D. L. Acrea, Reno, secretary, and W. T. Halliday, Jr., Birmingham, Ala., treasurer.

Panel reports were given by Gene Vernon, Jackson, Miss., on office management; Howard Coffey, Portland, Ore., conservation; H. R. Lamme, Dayton, public relations and advertising; Harold Hiner, Tucson, prospecting and sales promotion; Gordon McCown, Manchester, N. H., recruiting.



C. H. Juergens, left, New York City, new president of the General Agents Assn. of Mutual Benefit H. & A. and United Benefit Life, shown with his predecessor, Roy Morgan, Atlanta.

ing, and Chet Elson, Waterloo, Ia., morale.

Walter Kiernan, star of Mutual's "Greatest Moments in Sports" NBC television show, addressed the banquet.

### W. J. Newton Heads Craftsman

William I. Newton was elected president of Craftsman to succeed E. P. Goodnow, who has resigned. Miss Helena E. Bardin was named secretary in addition to her present post as treasurer. Walter R. Hennessey of Boston, largest general agent of the company, recently purchased Mr. Goodnow's controlling interest and is a director.



**the CUSTOMER  
is always right**

— in demanding specific protection to meet his individual needs; so naturally ——  
**you'll sell** a Columbian National Life policy that fits his personal and family requirements

Life

Annuities

Endowments

Juvenile

Term to 70

Modified Five

Double or Triple Protection

Substandard

Franchise

Association

Group (all lines)

Accident

Health

Hospital

Group Creditor

**The COLUMBIAN NATIONAL  
LIFE INSURANCE  
Company**

BOSTON 12, MASSACHUSETTS

November 12, 1954

**Insurance Price Competition at Record High**

(CONTINUED FROM PAGE 2)

the life insurance business are less because of lower expense loadings and commissions.

Mr. Dineen distinguished between the use of a series of graduated price differentials by size of premium in the casualty business and the use of a single gradation in the life insurance business.

"Some (people in the life insurance business) see a drift towards either the British practice of direct premium charges by size of policy or in lieu thereof a similar result achieved through the dividend processes. It may well be that if sound and adequately refined gradations by size of policy were developed by the various companies, the requirement (of state insurance departments) for different plans for the 'specials' would become unnecessary; that is, the gradations could be superimposed upon, or integrated with, the regular plans as the casualty companies do. This would (1) obviate the criticism—often well founded—that there was no difference of substance between the regular and 'special' plans (other than policy minimums), (2) eliminate the present double choice system of some companies which places a premium on the knowledge of the buyer and the honesty of the agent, (3) make unnecessary the insurance department requirement of a statement from the buyer certifying—in effect—that he knew the facts before he made the choice, (4) provide equitable treatment for all policyholders across the board on all plans. It would indeed be

anomalous if early rulings of the department—designed to prevent discrimination in a narrow area—should be ascribed in a later era as the cause of discrimination in a much wider area."

Summarizing the attitude of life companies generally toward the grading of premiums by size of policy, Mr. Dineen said: "That the law has long sanctioned price differentials by size of policy seems apparent. And so the question is; why has not greater use been made of this authority? In the ordinary life field probably one reason is because ours is a large, long-term business accustomed to moving slowly. "Another reason—and a potent one—was the desire of the business in the interest of economy to keep the premium structure as simple as possible by avoiding unnecessary complications. Still another reason centers in the field of public relations. There has been hesitancy to embark on a widespread practice of charging the buyer of a small policy more than the buyer of a large policy per thousand dollars of insurance.

"If the history in the fire and casualty business is any criterion, there would very likely be agency resistance to introduction—across the board—of grading commissions in the ordinary life field by size of policy." In the fire and casualty business operation of the laws of economics finally settled the question in favor of graduated commissions.

Gradation of expense by size of policy is a principle, not a plan, Mr. Dineen

said. If the principle is sound, "does not equity and the avoidance of discrimination require the extension of the principle—with such modifications as are appropriate—across the board to all plans?" he asked.

"Over the long pull," Mr. Dineen concluded, "we should wind up exactly as the fire and casualty companies did in their price developments—the laws of the market place will prevail."

• *Guarantee Reserve Life of Hammond, Ind., has been licensed in Nebraska.*

**BMA Passes \$800 Million Life in Force Mark**

The Business Men's Assurance life insurance in force increase during October brings the total to \$801,043,343. The company has an equivalent volume of A&H premium income.

BMA began offering life insurance in 1920, and by the end of 1934 it had \$100 million of life insurance in force. This total was doubled in the next 10 years and the last \$100 million was added in only 12 months.

Agents this month are dedicating their sales to W. T. Grant, chairman and founder of the company.

## try this hat for size!

That's what it boils down to when a new man joins the Capitol Life. Contracting with a new company is much the same as buying a new hat. You want your hat to fit well...to wear longer...and to fully meet your personal needs. That's why we at the Capitol Life have placed a lot of emphasis on our Agent Contracts.

Our objective was to develop contracts that fully meet the needs of each new man in terms of his experience, qualifications, and personal requirements...to develop contracts that not only "fit well and wear longer" but ones that will meet the real human needs of the Agent. We're proud to say we've reached our objective. You can find proof of this in the fact that more and more men are joining the Capitol Life each month. More and more men are finding out they can finally get many of the things they have a right to expect from the insurance business...with one of the West's fastest growing regional companies.

We think you'll like our philosophy of "finding the hat that fits." Capitol men do. Just ask any Capitol Life representative.

Agency and  
field underwriting  
opportunities  
available to men  
residing in the  
14 Western States.



WRITE: Thomas F. Daly II, Vice President and Director of Agencies.

## Beneficial THOUGHTS

### THANKSGIVING...

a day set apart on which to thank a Kind Providence for the abundance of our blessings . . .

Kind of like Life Insurance, don't you think? We set aside a bit of the abundance we have today to assure ourselves and our loved ones of some of that abundance in the future.

. . . and widows and retired people who have it certainly give thanks to the man who sold them their insurance!

## BENEFICIAL LIFE

Insurance Company

David O. McKay, Pres.



Salt Lake City - Utah

The President's Club of Kansas City Life Insurance Company is composed of life underwriters whose yearly record is outstanding. With these stories of its officers we pay tribute to the entire organization for the fine effort it has made to make life insurance the splendid vocation that it is.



## The Story of an Ace

Someone once said that one of the officers of the President's Club would rather play golf than eat. Golf is his hobby—but a look at that man's yearly schedule of activities proves that there's some truth in the statement. To squeeze in a round of his favorite pastime, he'd have to skip his meals!

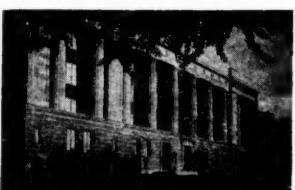
In his home town, he's one of the men who kindle the spark behind civic projects and help follow them through. The Red Cross, the Community Chest and many other drives succeed because of the leadership that he gives to his fellow citizens.

Last year, as president of an 8-state region of a

social organization, he traveled extensively and still found time to take part in the work of a national religious organization.

His outstanding record as a Kansas City Life agent proves that it's always the busy man who gets things done, for in 1953—his busiest extracurricular year, he led the Kansas City Life Insurance Company's agents in all-around performance and won the coveted honor of president of the President's Club.

Last year, another busy year, he led the Company in renewals. Needless to say, he's a member of the Million Dollar Round Table and a winner of the National Quality Award.



### KANSAS CITY LIFE INSURANCE CO. Broadway at Armour, Kansas City, Missouri

**LONG TERM BANK LOANS  
ARRANGED ON VESTED  
RENEWAL CONTRACTS**



**LIFE AGENTS  
GENERAL AGENTS  
AND BROKERS**

U. C. & G. C. serves the financial needs of those engaged in the Life Insurance Business. Your tax problems may be simplified and savings effected. Correspondence invited.

**UNDERWRITERS CREDIT & GUARANTY CORPORATION**  
405 Montgomery Street, San Francisco 4, California

### New Subscription Order Form

**THE NATIONAL UNDERWRITER Life Insurance Edition**  
420 E. Fourth Street, Cincinnati 2, Ohio

As a new subscriber, enter my personal subscription to start with the next issue:

\$18.00 enclosed for three full years.  \$7 enclosed for one year.

NAME \_\_\_\_\_

HOME ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_

ZONE \_\_\_\_\_ STATE \_\_\_\_\_

COMPANY \_\_\_\_\_

POSITION \_\_\_\_\_

(Above rates good only in United States)

### Aggressive Selling Seen Curb to Federal Activity

(CONTINUED FROM PAGE 4)  
task forces, and a few permanent staff units to explore new and better ways of doing things.

5. Rotation of key people from one assignment to another to counteract the modern tendency toward over-specialization and expose them to varied problems in different parts of the country.

6. Incentive compensation programs for agency managers and their assistants and group men in the field, with quality controls built in. The Nylic compensation contract for agents has been improved three times since 1946.

7. Management consciousness of the importance of job satisfactions. Displacement of manual operations by machines in the home office has been so arranged as to minimize the creation of routine jobs and maximize opportunities for advancement into interesting careers.

New York Life is still gathering momentum in what promises to be a new period of healthy growth, said Mr. Dowell, mentioning expected further progress in selecting and training agents and managers and more effective quality controls for business. The area development program is just getting into high gear and "as our market studies reveal more about the geographical distribution of our agents in relation to sales potentials, we plan to open as many additional offices as necessary to serve the localities where our present representation is inadequate. Our product line will continue to change in response to the needs of our market."

He emphasized that A&H contracts "are particularly subject to further development." Emphasis will be given to the analysis of unit costs, exploration of further possibilities of mechanization, and further delegation of functions to branch offices.

### Tex. Bankers Want Insurer Stock Sales Regulated

AUSTIN—State regulation and supervision of sales of insurance stocks were advocated by representatives of Texas Investment Bankers Assn. at a hearing before Gov. Shivers here recently. They were supported by two former secretaries of state and Garland A. Smith, chairman of the Texas board of commissioners. Similar proposals offered to the 1953 legislature were defeated, following opposition by representatives of insurance companies.

### Has West Coast Sales Rally

West coast producers of Midland National Life of South Dakota attended a sales congress at Los Angeles. Part of the program included a two-day disability insurance sales course sponsored jointly by the company and International Assn. of A&H Underwriters. DISC classes were conducted by William G. Coursey, managing director of the A&H association.

Addressing the agents were H. Smith Hagan, vice-president in charge of production; Douglas Higginbotham, superintendent of agencies in the southwest division, and Kenneth Rasmussen, supervisor of the disability benefits department.

### Names Winchester to Ad Post

Midland National Life of South Dakota has appointed Marvin W. Winchester a director of advertising and public relations. He has been advertising manager of the Waseca, Minn., newspapers.

Agents!

## Do You Want—

✓ Large Commissions

✓ Steady Renewals

✓ Standard Policies

(rates and provisions competitive with every old line legal reserve life company in the U. S.)

✓ Special Policies

(two of them, both sure-fire best sellers.)

✓ Established Territories in the South

✓ Brand New Territories in Texas and Oklahoma

✓ A Sound Company

National Equity Life has operated in the South for 29 years, and is now expanding into Texas and Oklahoma.

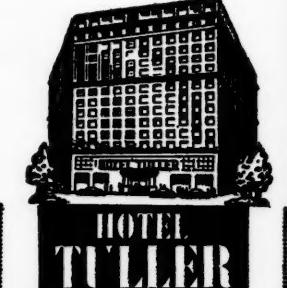
This may mean unusual opportunities for you.

Write today for full information.

## NATIONAL EQUITY LIFE INS. CO.

Little Rock, Arkansas

C. E. LOWRY, President



...featuring convenience, comfort, quality! A cosmopolitan atmosphere in a home-like setting. In the center of all downtown activities. Newly decorated. Ultra modern, comfortable guest rooms... excellent food at moderate prices in our modern coffee shop and cafeteria.

Radio and Television in room.  
Air Conditioned rooms in season.

800 ROOMS \$375  
WITH BATH

WITH BATH from \$375  
GARAGE and PARKING LOT

FAMILY RATES

No Charge for Children  
14 and Under —  
Harry E. Paulsen General Manager

FACING GRAND CIRCUS PARK

DETROIT

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November 12, 1954

## INSURERS CHALLENGE FTC ON JURISDICTION

(CONTINUED FROM PAGE 1)

complied with trade practice rules relative to advertising as promulgated by FTC in 1950, although it never agreed in writing to do so. The company is not a member of Insurance Advertising Assn., but is a member of Federation of Commercial Travelers Companies.

The answer further states that Travelers Health pays claims fairly and maintains a loss ratio higher than the national average.

The company told FTC it will be ready to proceed with hearings on the appointed date, Dec. 15.

Hearings already set probably would be postponed or continued in those cases in which motions are submitted to dismiss and raising the jurisdiction problem. The FTC must decide the jurisdictional issue and presumably will do so in its own favor, and then the insurers have the option of appealing to the courts.

Insurance attorneys in Washington believe the FTC would probably like to have one or two cases selected for hearing as tests under the agreement that all companies would abide by the final decisions in the litigation, for example on the jurisdictional issue. This would reduce the expense to the companies and shorten the period of litigation.

FTC, it is understood, has four jurisdictional issues it would like to have decided. There is the question of an insurer licensed in one state and doing an unlicensed business in others, for example, or companies operating by mail only, through the agency system, companies licensed in several states, etc. Thus the challenge of jurisdiction on the part of Commercial Travelers would not answer all the questions FTC has in mind, even though it would be a significant test.

As for the report that FTC plans to call dissatisfied policyholders to testify in support of its complaints, there was no confirmation from FTC. However, the commission customarily hears so-called "victim" witnesses. These witnesses may volunteer to testify, but generally they are subpoenaed. FTC does not ordinarily release the names of witnesses in advance of hearings.

An FTC spokesman said that the matter of Commercial Travelers request for hearing on the jurisdictional question will be passed upon primarily by the hearing examiner. Appeal could be taken from his decision to the commission itself. A hearing examiner's decision is not necessarily final, nor the decision of the commission.

If FTC receives a number of requests for jurisdictional hearing it would first be up to the examiner to decide whether a single hearing would be held on this question. Entering into that decision would be details of each company's case and whether the insurers raising the issue would agree to accept a common decision.

By late Tuesday FTC had received answers from two respondent A&H companies.

Alvis Layne, attorney for four A&H insurers cited by FTC, asked 30 days' extension for filing answers because the cases involve complex problems of law and fact and he is occupied in litigation before Interstate Commerce Commission.

Insurance lawyers predict other A&H insurers will follow the lead of Commercial Travelers and challenge FTC jurisdiction. If this develops it is believed a single hearing on jurisdictional

questions would be the logical course for the commission.

Chairman Howrey of FTC was exhibited in a motion picture address before Assn. of National Advertisers in New York this week. He urged self-control and self-regulation in advertising. FTC will handle advertising cases without the delay characteristic of such handling in the past, he said. He learned that the average advertising case used to pass through 87 administrative steps and underwent more than 20 separate reviews. The new FTC, he said, has eliminated most of those steps.

Charles E. Grandey, director of FTC's new bureau of consultation, urged in a speech at the same convention that there be voluntary compliance with rules developed through consultation between industry and FTC. FTC can best aid in attaining truth in advertising by making it possible for every business man to abide voluntarily by its laws, he said. He added he believes advertisers would agree that industry cannot preserve the integrity of advertising without FTC help.

• • •

Obviously motivated by the FTC's position that some states do not exercise control over A&H advertising, Commissioner Cravely of Georgia has told insurers selling A&H and hospitalization insurance in Georgia to clear their advertising on such policies with his office. Cravely also banned the sale or advertisement of these policies under "a trade name as a plan," on the ground that some insurers are "misleading the public." The order, effective within 60 days, does not apply to non-profit groups such as Blue Cross and Blue Shield.

## Williams Comments on Impact

The impact on the A & H business as a whole of the FTC charges against 17 companies is not yet discernible, but even if all the charges are substantiated, it is certainly not condemnation of the business nor even of the companies involved, James R. Williams, director of public relations of H & A Underwriters Conference, told members of Indianapolis A & H Assn. at their November luncheon meeting.

Many A & H companies have been in the business for half a century or more, Mr. Williams pointed out. If they had not been giving service, simple economics would long ago have forced

them out of the business.

While all the accusations that have been hurled against the business and all the investigations that have been undertaken have made A & H look like the delinquent in the insurance family, the fact remains that the business has been paying out billions in claims year after year and has been developing new coverages to take care of the constant changes in medical economics, he said.

The good the business has been doing, and its flexibility in meeting changing conditions has not been well publicized, the speaker charged, declaring that the front line of public contact, the agent, should be doing more to let the public know how the business is serving.

There are two basic sources of misunderstanding of the A & H business,

Mr. Williams said. The first is the fact that loss in every other form of insurance is subject to fairly objective measurement. In A & H, the measurement is more subjective. It is difficult for physicians themselves to measure degrees of health with exactness. The other basic source of misunderstanding is that the public does not realize that medical care deserves the same budget priority as food, clothing, and shelter. "It is not the function of insurance to pay every cost of illness down to the routine office call or dental examination. The function of insurance is to prevent financial hardship," he declared.

Whatever the findings of investigations, Williams concluded, service to policyholders is the basis on which final judgment of the A & H business will rest.

## SALES RIVALRY A THREAT, LIAMA TOLD

(CONTINUED FROM PAGE 1)

buys a dollar's worth of insurance benefits."

"4. We have a sales force conditioned to the belief that the service concept is the pathway to sales." He asked whether recent emphasis on "merchandising" might not be misleading. "Are our salesmen merchants?" he asked. "That word usually implies trade or barter. What is a life insurance salesman? A unique combination of salesman, counselor, confident, adviser, service man. Selling life insurance requires a high order of creative sales skill and also the courage of strong convictions."

• • •

"5. We have a public conditioned to believe in performance, not price, when it buys its life insurance." He commented that "not since the last century has our business tried a price war and we all lost that war ignominiously."

"6. We have a public and a sales force conditioned to believe in a principle we call equity." Mr. Pille said, "We have been unable to claim bargains for sale as can be validly claimed in private trade where someone willingly or unwillingly takes a personal loss or cuts his profit which results in another's gain. We have been wise and fortunate in the inherent structure of our business which precludes such claims because of our adherence to this principle of equity."

Mr. Pille reviewed LIAMA's progress during 1954 in five areas. He announced that shortly LIAMA will bring out a new selection procedure for use at the managerial or supervisory level, and said that the *Manager's Evaluation Record*, a scientific tool, has

been validated and is in use for the selection of supervisors and assistant managers.

Commenting that there is a controlling awareness now that everything LIAMA does is directed at financial management, Mr. Pille said that an intensive and extensive long-term program of financial management research is on paper—a program aimed at both company and agency levels.

LIAMA has surveyed A&H companies to learn what their problems are and what LIAMA should be doing about them, he said. Data in the recruiting analysis survey is now being collected on agent A&H production and commissions. From these data, Mr. Pille predicted that answers will come to these questions: Are good ordinary producers also good A&H producers? Do agents who sell A&H make more total commissions than those who sell life insurance only? Does the Aptitude Index predict A&H production?

Mr. Pille commented on the study under way to revise the LIAMA dues structure. Structural revision is under study, not an over-all raise, for this is the fourth consecutive year in which dues have remained at 89% of formula.

President Morton Boyd of Commonwealth Life explained what his company is doing to organize men, money and management into a coordinated company-wide sales program that has "a foundation of support for it at all levels." He remarked that the company's not being licensed in New York "permits us to put emphasis where it belongs."

In his discussion of compensation, which he called "a most effective tool in field management," Mr. Boyd said that in Commonwealth commission is at a higher rate and in a larger proportion to total compensation than in many companies.

"We do not worry about overpaying for sales because if the business persists we know we can afford the liberal commissions paid and if it lapses we control the situation by imposing compensation penalties in geometric progression," he said.

He explained the use of variables in compensation to emphasize management objectives. He illustrated: "In our branch office agencies we pay our agents a substantial persistency bonus based on net new production weighted by volume, by persistency, by length of service. Our branch office managers are paid on the basis of net new production of their agencies weighted by the renewal lapse rate of the agency and by the number of successful

(CONTINUED ON THE NEXT PAGE)



Attending the LIAMA Chicago sessions: D. Bobb Slattery, Penn Mutual; Karl Ljung, Jefferson Standard; Lewis W. S. Chapman, LIAMA's director of company relations, and Vincent B. Coffin, Connecticut Mutual.

(CONTINUED FROM PRECEDING PAGE) agents. In our district office agencies, we pay our managers based on the net new production of their agencies weighted by total terminations and by the size of the weekly premium debits. By this latter ingenious means we have succeeded in directing our managers' efforts and in paying them for what we want done."

Speaking on behalf of Life Underwriters Assn. of Canada, M. P. Hughes, manager at London, Ont., for Imperial Life of Canada and president of the association, discussed four aspects of life insurance selling which are the current concern of Canadian agents. He cited loose merchandising, need for more inspiring and varied self-management aids, illusion of security as created by unlimited maximums for group insurance, and cut-rate policies.

First on the list is the sudden trend to loose merchandising, by unlicensed and untrained personnel, of the so-called group or mass coverage being offered this year by investment salesmen and other savings corporations, he said. His association believes that this merchandising by the untrained will lead backward to the dark ages of unethical practices, confusion and low prestige for the full-time agent.

Higher and higher maximums of group life is a growing trend which agents feel cannot help but create an illusion of security for a rapidly increasing number of policyholders. This illusion will be held onto up to the last minute before retirement, when the group life policyholder can't afford to convert. Then he asks why no one told him. The future agent who has to serve the policyholder will bear full brunt of this trend.

Agents are neither pleased nor proud of the various designs of bargain basements that many companies are opening up, he said. The majority of agents are expected to take a cut in commissions in order to merchandise these new low rate policies, he believes.

The competitive impact created by many companies which have recently entered the brokerage field was discussed by Raymond H. Belknap, president of United States Life and vice-president of Continental Assurance, a symposium participant.

Mr. Belknap said he did not believe companies should do brokerage business "unless they will establish the proper attitude in the home office as well as the field offices selected for this production." He said one method of doing brokerage business is used by companies which are geared in the home office and the field to give excellent service and offer competitive merchandise. Other companies are tempted "to buy the business either by extravagant underwriting or by payment of extra compensation."

Prudential is convinced, after three years that sickness and accident is "a good business to be in—completely in and pushing for it—not in it half-heartedly," according to Ardell T. Everett, 2nd vice president, who spoke during a symposium on current trends. To get business in volume, Mr. Everett said, "You must go in with full steam. Management must understand that getting S&A business is a must, not to the exclusion of life but in balanced proportion. S&A he added, cannot remain a sideline if you want your agent to sell it."

The A&H market is currently hot and causing tremendous buyer interest, said Mr. Everett. Its sales lead to more life sales and help the agency forces in the matter of client service and agent compensation. Prudential studies indicate that inclusion of A&H has helped agents in all classes, especially the middle and marginal groups. The company feels this trend will ultimately reduce turnover. Managers say A&H is being used effectively as a recruiting aid. The agent gets into production earlier with this added line of merchandise.

Mr. Everett emphasized the A&H can't be treated as a different product from life, nor excluded from any major company sales plan. Prudential now converts A&H premiums to an insurance factor and includes this in every phase of life standing and financing.

Training, he said, means not just "book learning" but joint field selling and case discussion. Training for experienced life agents must be geared to life insurance sales experience. As for differences in underwriting and their possible adverse effect on agents, he said, "We feel our sales force has generally acquired a sound technical background and learned to accept most of the differences."

Getting at a man's needs and helping him satisfy them is the life salesman's job, according to O. Alfred Granum, Northwestern agent at Amery, Wis. He stressed the importance of understanding and developing the prospect's motives and directing his attention to insurance as a means of achieving his ends.

Calling agency morale the most important mainspring of superior results, John A. Hill, general agent at Toledo for Aetna Life, listed methods of morale building which he has found to be successful.

### W. D. Davidson Named to MDRT Executive Committee

(CONTINUED FROM PAGE 1) MDRT, has agreed to accept the newly created post of membership chairman.

3. The 1955 MDRT meeting will take place June 27-30 at the Greenbrier hotel, White Sulphur Springs, W. Va.



**Robert H. Denby**, State Mutual Life, chairman of the committee which arranged the LIAMA Chicago meeting, pictured at that gathering with Elizabeth C. Stevens, LIAMA secretary-treasurer, and A. Rogers Maynard, Metropolitan.

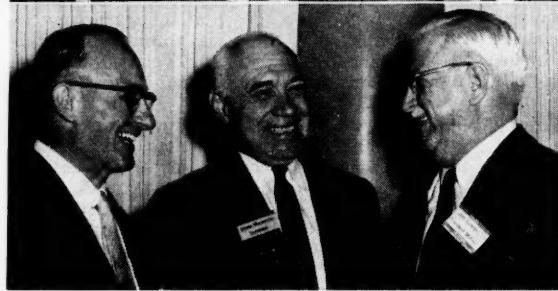


Attending LIAMA Chicago meeting:

**Top**, Richard E. Pille, Mutual Benefit Life, LIAMA president, flanked on the left by the association's managing director, C. J. Zimmerman, and on the right by S. Rains Wallace, Jr., director of research.

**Center**, C. C. Robinson, Columbian National; Eber M. Spence, American United, and Grant L. Hill, Northwestern Mutual.

**Bottom**, H. J. Shaffer, Lincoln National; Steele C. Mackenzie, Dominion Life, and James H. Cowles, Provident Mutual.



Mr. Davidson, who was appointed by the executive committee under by-laws procedure, is serving his second two-year term as a trustee of National Assn. of Life Underwriters, of which the Million Dollar Round Table is a unit. Mr. Kellam's letter of resignation, a facsimile of which went to each MDRT member, explained that his withdrawal was due to the pressure of business and family responsibilities. The general agency he operates has an office in New York City as well as in New Canaan.

Besides Chairman Byrnes and Mr. Davidson the executive committee is made up of the vice-chairman, Arthur F. Priebe, Penn Mutual Life, Rockford, Ill., who is also chairman of the program committee; G. Nolan Bearden, New England Mutual Life, Beverly Hills, Cal., who automatically continues on the executive committee as immediate past chairman; and Howard D. Goldman, Northwestern Mutual, Richmond.

As membership secretary, Mr. Hiller will handle a large part of the correspondence with applicants and with home offices that in the past has been carried on by the chairman in gathering information needed by the executive committee in reaching decisions on qualifications, particularly in cases where some question arises.

Because of the steady increase in volume of paper work at the permanent headquarters in Chicago, the executive committee has authorized the appointment of a full-time assistant to Executive Secretary Harriet Preinitz and has engaged Miss Louise Krafft for the post.

Qualification credits for the 1955 Round Table are the same as for 1954 with one important exception: The maximum amount of level or decreasing term insurance that can be counted toward the required million dollars of paid business is reduced from \$500,000 to \$250,000. This change was made at the 1953 annual meeting, applicable to the Jan. 1-Dec. 31, 1954, qualifying period.

Mr. Byrnes emphasized that it is not necessary to wait until the end of the year to send in qualification papers. Applicants can send them in as soon

as they have the needed credits and the central office would appreciate having them early so as to avoid the pile-up of paper work around the year-end. Sending in applications early will also assure qualifiers of being on the first list of 1955 members, to be issued shortly after the first of the year.

Those who do not receive applications and other forms this week may obtain them by writing to the Million Dollar Round Table, 1 North La Salle street, Chicago, or by contacting the agency departments of their own companies.

The MDRT executive committee met Thursday at the Westchester Country Club, Rye, N. Y., and will meet again Monday and Tuesday, following the sessions of the program committee Friday and Saturday and the nominating committee Sunday.

**IRL B. JACKSON**, 67, general agent of Massachusetts Mutual at Cincinnati until his retirement in 1950, died there after a short illness. He had continued to represent the company in personal production. Starting in the business with Equitable Society about 30 years ago in Missouri, he went to Cincinnati in 1934 to manage the Massachusetts Mutual agency during the illness of the general agent, the late L. C. Witten. He became general agent in 1936. He was succeeded as general agent by Tracy W. Evans. A son, William B., is district manager for the agency at Hamilton, O.



**Raymond W. Simpkin**, Connecticut Mutual, and **Stanton G. Hale**, Mutual of New York, pictured at the Chicago convention of LIAMA.

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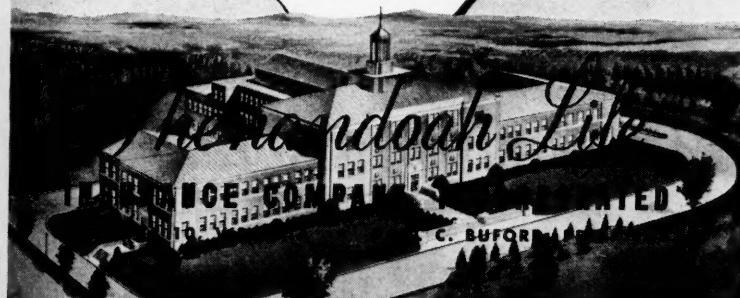
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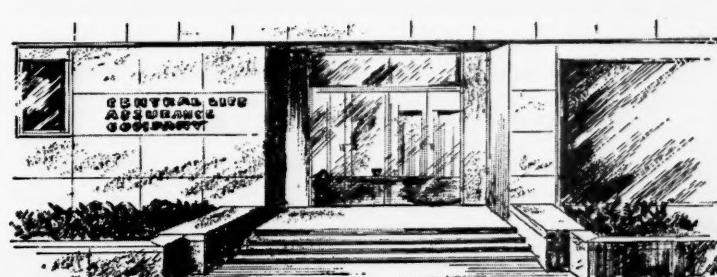
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